Supreme Court, U.S.
FILED
971698 APR 14 1998
OFFICE OF THE CLERK

No. _____

In The

Supreme Court of the United States

October Term, 1997

BRAND MANAGEMENT, INC.; PRO SHOP PLANS COMPANY, INC., D/B/A PRO SHOP COMPANY; AND PAUL HOFFMAN,

Petitioners,

v.

MENARD, INC.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

PETITION FOR WRIT OF CERTIORARI

BRIAN B. O'NEILL
Counsel of Record for Petitioners
FAEGRE & BENSON LLP
2200 Norwest Center
90 South Seventh Street
Minneapolis, MN 55402-3901
Ph. 612-336-3000

COCKLE LAW BRIEF PRINTING CO., (800) 225-6964
OR CALL COLLECT (402) 342-2831

92pp

QUESTIONS PRESENTED FOR REVIEW

1. Whether a summary judgment in favor of the defendant in an action for trademark infringement is proper because the defendant is selling "genuine" but unlicensed goods where there is evidence in the record that (a) the defendant's conduct deprived the trademark holder of control over how the good was marketed and serviced, and (b) the defendant's sales confused the public about who was marketing and servicing the good.

2. Whether a declaration that is inconsistent with the declarant's former testimony at a deposition in a different action creates a genuine issue where (a) the declarant promptly made changes in his deposition and recited his reasons, as Fed. R. Civ. P. 30(e) provides, and supported them with a detailed declaration explaining why he had been confused by the questioning during his oral examination; (b) a jury in another action heard the declarant impeached live with his inconsistent former testimony, yet believed the declaration rather than the former testimony that the declaration was correcting; and (c) the declarant was subject to cross-examination in this action about his former testimony.

3. Whether U.S. Patent No. 5,163,967 on "deck construction" was obvious when patented.

LIST OF ALL PARTIES

The caption of the case contains the names of all the Parties. There is no parent or subsidiary company to be listed.

TABLE OF CONTENTS

Page

Questions Presented for Review i

List of All Parties ii

Table of Contents..... iii

Table of Authorities v

Citations of the Reports of the Opinions and Orders Entered in the Case 1

Statement of the Basis for Jurisdiction 1

Statutes Involved in the Case..... 1

Statement of the Case 3

I. Facts Material to Consideration of the Questions Presented..... 3

A. Nature of the case 3

B. The '642 patent..... 3

C. The '967 patent 5

D. The trademark 6

E. Course of proceedings..... 8

II. Basis for Federal Jurisdiction 9

Argument 10

I. The claims for trademark infringement were erroneously dismissed because Menard's sales caused confusion 10

A. The Petitioners' trademark protects them against Menard's selling goods that it bought from an unauthorized distributor where those sales caused confusion..... 11

TABLE OF CONTENTS – Continued

Page

B. Menard's conduct infringed the Petitioners' trademark because it deprived them of control over how their product was marketed and serviced 12

II. The lower courts erroneously held the '967 partent invalid 17

A. The lower courts erroneously applied the one-year bar under 35 U.S.C. § 102(b) by improperly discrediting the inventors' testimony 17

B. The lower courts erroneously held that the '967 patent is obvious 25

Conclusion 29

Appendix

Decision, *Brand Management, Inc. v. Menard, Inc.*, No. 97-1329 (Fed. Cir. Jan. 14, 1998) .....App. 1

Order, *Brand Management, Inc. v. Menard, Inc.*, Civ. No. 4-94-623 (D. Minn. Apr. 7, 1997, filed Apr. 8, 1997) .....App. 28

TABLE OF AUTHORITIES

Page

CASES

Anderson v. Liberty Lobby, Inc., 477 U.S. 242 (1986) 16, 22, 24

Avia Group Int'l, Inc. v. L.A. Gear Cal., Inc., 853 F.2d 1557, 7 U.S.P.Q.2d (BNA) 1548 (Fed. Cir. 1988) 24

Bandag, Inc. v. Al Bolser's Tire Stores, Inc., 750 F.2d 903, 223 U.S.P.Q. (BNA) 982 (Fed. Cir. 1984) 14

Buildex, Inc. v. Kason Indus., Inc., 849 F.2d 1461, 7 U.S.P.Q.2d (BNA) 1325 (Fed. Cir. 1988) 25

Disenos Artisticos e Industriales, S.A. v. Work, 676 F. Supp. 1254 (E.D.N.Y. 1987) 15

Ekchian v. Home Depot, Inc., 104 F.3d 1299, 41 U.S.P.Q.2d (BNA) 1364 (Fed. Cir. 1997) 16

El Greco Leather Prods. Co. v. Shoe World, Inc., 806 F.2d 392, 1 U.S.P.Q.2d (BNA) 1016 (2d Cir. 1986) 13

Electro Med. Sys., S.A. v. Cooper Life Sciences, Inc., 34 F.3d 1048, 32 U.S.P.Q.2d (BNA) 1017 (Fed. Cir. 1994) 27

Forschner Group, Inc. v. Arrow Trading Co., 30 F.3d 348, 31 U.S.P.Q.2d (BNA) 1614 (2d Cir. 1994) 15

Graham v. John Deere Co., 383 U.S. 1 (1966) 25, 27

Henkel Corp. v. Coral, Inc., 754 F. Supp. 1280, 21 U.S.P.Q.2d (BNA) 1081 (N.D. Ill. 1990), aff'd, 945 F.2d 416 (Fed. Cir. 1991) (mem.) 26

TABLE OF AUTHORITIES – Continued

Page

Martin's Herend Imports, Inc. v. Diamond & Gem Trading USA, Co., 112 F.3d 1296, 42 U.S.P.Q.2d (BNA) 1801 (5th Cir. 1997) 12

Matrix Essentials, Inc. v. Emporium Drug Mart, Inc., 988 F.2d 587, 26 U.S.P.Q.2d (BNA) 1532 (5th Cir. 1993) 15

Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574 (1986) 22

McCoy v. Mitsuboshi Cutlery, Inc., 67 F.3d 917, 36 U.S.P.Q.2d (BNA) 1289 (Fed. Cir. 1995) 16, 21, 22

Mobil Oil Corp. v. Virginia Gasoline Marketers & Automotive Repair Ass'n, Inc., 34 F.3d 220 (4th Cir. 1994) 13

North Am. Vaccine, Inc. v. American Cyanamid Co., 7 F.3d 1571, 28 U.S.P.Q. (BNA) 1333 (Fed. Cir. 1993) 25

Polymer Tech. Corp. v. Mimran, 37 F.3d 74, 32 U.S.P.Q.2d (BNA) 1506 (2d Cir. 1994) 13

RSBI Aerospace, Inc. v. Affiliated FM Ins. Co., 49 F.3d 399 (8th Cir. 1995) 23

Shell Oil Co. v. Commercial Petroleum, Inc., 928 F.2d 104, 18 U.S.P.Q.2d (BNA) 1156 (4th Cir. 1991) 13

Sinskey v. Pharmacia Ophthalmics, Inc., 982 F.2d 494, 25 U.S.P.Q.2d (BNA) 1290 (Fed. Cir. 1992) 23

Societe des Produits Nestle, S.A. v. Casa Helvetia, Inc., 982 F.2d 633, 25 U.S.P.Q.2d (BNA) 1256 (1st Cir. 1992) 15

Warner-Lambert Co. v. Northside Dev. Corp., 86 F.3d 3, 39 U.S.P.Q.2d (BNA) 1136 (2d Cir. 1996) 13, 14

TABLE OF AUTHORITIES – Continued

Page

STATUTES

28 U.S.C. § 1254(1) 1

28 U.S.C. §§ 1331 9

28 U.S.C. § 1338 9

28 U.S.C. § 1338(a)-(b) 9

28 U.S.C. § 1367 10

35 U.S.C. § 102(b) 17

35 U.S.C. § 103 27

Lanham Trade-Mark Act, § 32(1)(a) & (b) (codified as amended at 15 U.S.C. § 1114(1)(a) & (b)) 1, 2, 14

U.S. Const. art. III, § 2 9

RULES

Fed. R. Civ. P. 30(e) 18

CITATIONS OF THE REPORTS OF THE OPINIONS AND ORDERS ENTERED IN THE CASE

This petition seeks a writ of certiorari to the United States Court of Appeals for the Federal Circuit with respect to its decision entered on January 14, 1998. That decision has not been published.

That decision affirmed the order of the United States District Court for the District of Minnesota, by the Hon. David S. Doty, granting the motion of Defendant Menard, Inc., for a summary judgment in its favor in this action, which order was filed on April 8, 1997. That order has not been published.

STATEMENT OF THE BASIS FOR JURISDICTION

This petition seeks a writ of certiorari to the United States Court of Appeals for the Federal Circuit with respect to its decision entered on January 14, 1998.

The Petitioners believe that 28 U.S.C. § 1254(1) confers on this Court jurisdiction to review on a writ of certiorari the decision in question.

STATUTES INVOLVED IN THE CASE

15 U.S.C. § 1114(1)
(in pertinent part)

§ 1114. **Remedies; infringement; innocent infringement by printers and publishers**

(1) Any person who shall, without the consent of the registrant –

> (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or
>
> (b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

. . . .

STATEMENT OF THE CASE

I. Facts Material to Consideration of the Questions Presented.

A. Nature of the case.

This action concerns claims for, among other things, infringement of the Petitioners' patents and registered trademark: U.S. Patent No. 4,724,642 on a "construction device for connecting building elements";[1] U.S. Patent No. 5,163,967 on "deck construction"; and Trademark Registration No. 1,494,279 on the trademark DEK-BLOCK®, under which the Petitioners made and sold their pier blocks.

B. The '642 patent.

Petitioner Paul Hoffman and his colleague Sam H. Bright invented and, in 1986, filed an application for a patent on a four-way recess with a certain unique zig-zag shape forming notches that will accept and hold upright a vertical deck-support post, and hold stringers. Their application originally consisted of fifteen claims, illustrated by seventeen drawings, of which the first twelve figures clearly showed a four-way recess. The Primary Examiner, Alfred C. Perham, rejected all but two of the original fifteen claims as unpatentable over prior art, including a 1959 British Patent No. 822,738 that supported a floor by means of lateral connectors on which the floor itself rested in a cross-shaped recess. The two claims that Examiner Perham did not reject, claims 7 and

---

[1] This petition does not concern the '642 patent.

8, were dependent upon rejected claims, so he objected to them on that basis, but held that they "would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims."

Mr. Hoffman and Mr. Bright accordingly modified their application by rewriting claims 7 and 8. The modified application never relinquished their claim to the four-way recess that appeared in the first twelve figures of the original, rejected application, only to the two-way recess that appeared in other figures in the earlier application and in the prior art on the basis of which the other claims from the original application had been rejected. Two figures from the original application were likewise canceled from the patent.

The modified application was allowed and U.S. Patent No. 4,724,642 issued on February 16, 1988. Claims 7 and 8 from the original application ultimately became claims 1 and 2 in the '642 patent, which defines a four-way recess with a certain unique zig-zag shape forming notches that will accept and hold upright a vertical deck-support post, and hold stringers. The specification explicitly contemplates that the recess works with a "pier block" and goes in "a concrete block structure." The abstract likewise mentions "[a] body member comprising . . . a concrete block."

Petitioner Pro Shop Plans Company, Inc., d/b/a Pro Shop Company [hereinafter "Pro Shop"], is the company that Mr. Hoffman organized in order to commercialize his invention, and to which Mr. Hoffman and his co-inventor Mr. Bright assigned their "full and exclusive right, title and interest" in the '642 patent.

C. The '967 patent.

Meanwhile, in September 1987, Mr. Hoffman and his co-inventor Mr. Bright also applied for a patent on "deck construction." That application was, through several continuations, a continuation of the application that resulted in the '642 patent. As background, the patent states that "[t]his inventi[illegible] relates to a new and unique improvement in outdoor residential constructions and is particularly concerned with deck constructions on unprepared and unleveled building sites utilizing an improved single cast, one-piece supporting pier block having all the required support and connecting means without additional components." The patent then summarizes the invention:

> According to the present invention and forming a primary objective thereof, a deck construction is provided which by its combination with a novel pier block amounts to an improvement over prior structures.
>
> Another object of the invention is to provide a pier block of the type described capable of directly receiving deck support members without mechanical connections or additional components, all in a variety of selected support configurations for decks being constructed on unprepared and unleveled building sites not heretofore available.
>
> In carrying out the objectives, the invention utilizes a single cast, one-piece pier block which comprises a body member serving as a capable support on unprepared and unleveled building sites, those uneven ground areas having localized dips, slopes and random level areas

> therein. . . . All of these features combine in a structural arrangement which automates and standardizes the manufacture and facilitates marketing, at a lower unit and re-sale cost a deck that can be preplanned and pre-cut. Such deck is simplified and inexpensive and capable of construction by the average do-it-yourself home owner desiring a deck on the unprepared and unleveled ground of a backyard in a suburban residence.

The application was allowed and U.S. Patent No. 5,163,967 issued on November 17, 1992. Since March 1987, Pro Shop had been marketing plans for the partially raised decks that the '967 patent describes, using pier blocks made under the '642 patent.

D. The trademark.

On June 28, 1988, about four months after the '642 patent issued, Pro Shop registered DEK-BLOCK® as the mark under which the Petitioners would make and sell their pier blocks. From 1989, Mr. Hoffman and Pro Shop licensed Irving Budlong as the exclusive manufacturer and distributor for DEK-BLOCK® pier blocks throughout the midwestern United States. Petitioner Brand Management, Inc. [hereinafter "Brand"], is the company that Mr. Budlong later organized in order to exercise and enforce his rights under his license from Mr. Hoffman and Pro Shop.

During 1991 and 1992, Mr. Budlong and John Derner jointly made and sold DEK-BLOCK® pier blocks under Mr. Budlong's license from Mr. Hoffman and Pro Shop. Respondent Menard, Inc. [hereinafter "Menard"], bought

these blocks, first from Mr. Budlong directly, and later from Mr. Derner and Mr. Budlong jointly while they were making and selling them under Mr. Budlong's license. Mr. Derner's ability to make and sell DEK-BLOCK® pier blocks derived only from Mr. Budlong's license from Mr. Hoffman and Pro Shop. Neither Pro Shop nor Mr. Hoffman ever licensed Mr. Derner directly.

Late in 1992, while Mr. Derner still had about eighty thousand blocks in inventory, Mr. Budlong ended his relationship with Mr. Derner and withdrew Mr. Derner's ability to make and sell the blocks. On October 2, 1992, Mr. Budlong wrote to Mr. Derner,

> Shell Rock and Dek Brands [Mr. Derner's companies] have been using proprietary rights owned by ProShop in order to sell Dek Block. Shell Rock and Dek Brands were using these rights with ProShop and my consent. That consent is now being withdrawn as of October 26, 1992. Specifically, that means the names Dek Brands, Dek Block, Dek Side and ProShop Plans along with copyrighted materials and patented products may not be used without consent. . . .
>
> . . . . Because you will no longer have the rights to these products, the customers can not and should not buy directly from you. . . .
>
> You need to be reminded that you have used a lot of the proprietary rights associated with Dek Block over the last year with ProShop's and my consent. With that consent being withdrawn Oct. 26th, you may not use any of the names with Dek in them, including Dek Brands. . . .

Mr. Budlong offered to buy back the pier blocks in Mr. Derner's inventory so that Brand could resell them as DEK-BLOCK® pier blocks. However, Mr. Derner and Mr. Budlong could not reach a deal, and Mr. Derner instead independently sold the blocks to Menard during 1993 and 1994, after his ability to do so had expired. Menard then marketed and resold some of these blocks as DEK-BLOCK® pier blocks, and some of the same blocks as generic "deck blocks" (or "post support blocks"), at its stores in Minnesota, Wisconsin, and Iowa. Neither Mr. Derner nor Menard ever compensated Mr. Budlong or Brand, or Mr. Hoffman or Pro Shop, for the blocks that Menard sold.

E. Course of proceedings.

The Petitioners accordingly commenced this action by summons and complaint on July 22, 1994, for Menard's unlicensed and unlawful sale of their DEK-BLOCK® pier blocks, in violation of both the '642 and '967 patents; inducement of patent infringement; and infringement of their registered trademark.

The action proceeded through discovery, which ended on December 1, 1995. Menard served a motion for a summary judgment as to all claims on December 15, 1995. The Petitioners served a cross-motion for a partial summary judgment on the issue of Menard's liability for infringing the '642 patent. The District Court heard these motions on March 29, 1996.

The District Court granted Menard's motion for a summary judgment on April 7, 1997. The District Court held that the blocks that Menard sold did not infringe the

'642 patent,[2] that the '967 patent was invalid, and that Menard had not infringed the Petitioners' trademark. The ruling on the '967 patent discredited the inventors' testimony in order to apply the one-year bar under 35 U.S.C. § 102(b); and held that the claimed invention was obvious when patented. The ruling on the claim for trademark infringement held that Menard's blocks did not infringe the trademark because they were "genuine."

The Petitioners took an appeal to the United States Court of Appeals for the Federal Circuit from the order of the United States District Court for the District of Minnesota, by the Hon. David S. Doty, granting Menard's motion for a summary judgment. The Court of Appeals affirmed the District Court's summary judgment.

II. Basis for Federal Jurisdiction

The District Court's jurisdiction was based in part on 28 U.S.C. § 1338. This action arises under the laws of the United States, including the Patent Act of 1952 and the Trademark Act of 1946. The District Court enjoyed original jurisdiction of this action under 28 U.S.C. §§ 1331 & 1338(a)-(b).

This action also concerns other claims that do not fall directly within the District Court's original jurisdiction but which are so related to claims in the action within such original jurisdiction that they form part of the same case or controversy under the applicable constitutional provision. *See* U.S. Const. art. III, § 2. The District Court

---

[2] This petition does not concern the '642 patent.

had supplemental jurisdiction over those claims under 28 U.S.C. § 1367.

ARGUMENT

I. The claims for trademark infringement were erroneously dismissed because Menard's sales caused confusion.

The United States Court of Appeals for the Federal Circuit has entered a decision in conflict with the decisions of at least four other federal appellate courts on the question of whether a summary judgment in favor of the defendant in an action for trademark infringement is proper because the defendant is selling "genuine" goods where there is evidence in the record both that the defendant's conduct deprived the trademark holder of control over how the good was marketed and serviced, and that the defendant's sales confused the public about who was marketing and servicing the goods.

Even if the Petitioners "would have resold . . . under the DEK-BLOCK trademark" the blocks that Menard was selling, as the Court of Appeals concluded, Menard's conduct infringed the Petitioners' trademark because it deprived them of control over how their product was marketed and serviced. So depriving the trademark holder of control destroyed the goods' status as "genuine" goods.

Furthermore, Menard's sales evidently *did* confuse the public about who indeed was marketing and servicing DEK-BLOCK® pier blocks, diminished the Petitioners' return on their investment in advertising, and otherwise eroded their trademark. The lower courts' focus on whether the blocks that Menard sold were "genuine" is misplaced. The statutory inquiry is not whether the infringing good is "genuine" but, rather, whether using the registered mark "in connection with the sale, offering for sale, distribution, or advertising" of the infringing good "is likely to cause confusion, or to cause mistake, or to deceive." From this record, a jury may well conclude that "the consuming public could . . . have been confused about either the blocks' source or quality."

A. The Petitioners' trademark protects them against Menard's selling goods that it bought from an unauthorized distributor where those sales caused confusion.

The Court of Appeals affirmed the summary judgment as to the Petitioners' claims for trademark infringement because

> Here . . . the pier blocks were manufactured under a license and distributed in accordance with the same quality control procedures observed by the trademark owner. . . .
>
> . . . . Brand and Pro Shop have provided us with no convincing reason to conclude that any consumers who bought DEK-BLOCK brand pier blocks were confused or deceived as to the source of the blocks. To the contrary, they admit

> that consumers "go into Menards and believe they're buying our product."

The lower courts' analysis implies that a thief who steals and then resells a "genuine" good, using the true owner's registered mark and implying that he is doing so rightfully, is not an infringer as long as the thief controls the good's quality in a manner like that used by the rightful owner. That thief is indeed an infringer, however, as long as the public mistakenly believes that he is rightfully using the trademark under which he is reselling the stolen good. *Cf. Martin's Herend Imports, Inc. v. Diamond & Gem Trading USA, Co.*, 112 F.3d 1296, 1303, 42 U.S.P.Q.2d (BNA) 1801 (5th Cir. 1997) ("No one would argue, for example, that a seller of fake Rolex watches or Gucci bags, or pirated compact discs, could escape liability by showing that he was merely reselling the fakes after purchasing them from the manufacturer of the pirated works.").

B. Menard's conduct infringed the Petitioners' trademark because it deprived them of control over how their product was marketed and serviced.

Even if Menard was selling "the same blocks that the plaintiffs would have resold," Menard's conduct infringed the Petitioners' trademark because it deprived them of control over how their product was marketed and serviced:

> One of the most valuable and important protections afforded by the Lanham Act is the right to control the quality of the goods manufactured and sold under the holder's trademark.

> For this purpose the actual quality of the goods is irrelevant; it is the control of quality that a trademark holder is entitled to maintain.

El Greco Leather Prods. Co. v. Shoe World, Inc., 806 F.2d 392, 395-96, 1 U.S.P.Q.2d (BNA) 1016 (2d Cir. 1986) (citations omitted); *see also Warner-Lambert Co. v. Northside Dev. Corp.*, 86 F.3d 3, 6, 39 U.S.P.Q.2d (BNA) 1136 (2d Cir. 1996); *Mobil Oil Corp. v. Virginia Gasoline Marketers & Automotive Repair Ass'n, Inc.*, 34 F.3d 220, 226 (4th Cir. 1994). So depriving the trademark holder of control destroyed the goods' status as "genuine" goods. *Polymer Tech. Corp. v. Mimran*, 37 F.3d 74, 78, 32 U.S.P.Q.2d (BNA) 1506 (2d Cir. 1994) ("Goods . . . that do not meet the trademark owner's quality control standards will not be considered genuine goods, and their sale will constitute trademark infringement."); *Shell Oil Co. v. Commercial Petroleum, Inc.*, 928 F.2d 104, 107, 18 U.S.P.Q.2d (BNA) 1156 (4th Cir. 1991) ("A product is not truly 'genuine' unless it is manufactured and distributed under quality controls established by the manufacturer."); *El Greco*, 806 F.2d at 395-96.

Furthermore, Menard's sales evidently *did* confuse the public about who indeed was marketing and servicing DEK-BLOCK® pier blocks, diminished the Petitioners' return on their investment in advertising, and otherwise eroded their trademark. These concerns are not purely hypothetical and speculative. The record contains numerous instances showing that the Petitioners did aggressively enforce their trademark and that Menard's sales undermined that enforcement. This evidence alone sufficiently supports the claim for trademark infringement:

> to be entitled to relief, a trademark holder. . . . must demonstrate only that: (i) it has established legitimate, substantial, and nonpretextual quality control procedures, (ii) it abides by these procedures, and (iii) the non-conforming sales will diminish the value of the mark.

Warner-Lambert Co. v. Northside Dev. Corp., 86 F.3d 3, 6, 39 U.S.P.Q.2d (BNA) 1136 (2d Cir. 1996). The Petitioners also policed the quality of their product, and terminated their relationship with at least one manufacturer because of concerns about the quality of the blocks that it was making, out of fear that inferior blocks would ruin the market. Menard's sales not only kept the Petitioners from enforcing their mark and controlling the quality, advertising, and servicing of their blocks, but it also diminished the return on their investment in advertising, since Menard's sales induced customers seeking the DEK-BLOCK® pier blocks to "go into Menards and believe they're buying our product." Those concerns were explicitly called to the District Court's attention.

The lower courts' focus on whether the blocks that Menard sold were "genuine" is therefore misplaced. The statutory inquiry is not whether the infringing good is "genuine" but, rather, whether using the registered mark "in connection with the sale, offering for sale, distribution, or advertising" of the infringing good "is likely to cause confusion, or to cause mistake, or to deceive." Lanham Trade-Mark Act, § 32(1)(a) & (b) (codified as amended at 15 U.S.C. § 1114(1)(a) & (b)); *see also Bandag, Inc. v. Al Bolser's Tire Stores, Inc.*, 750 F.2d 903, 911, 223 U.S.P.Q. (BNA) 982 (Fed. Cir. 1984). As one court noted,

> defendants' assertion that the sale of "genuine" . . . products precludes any possibility of confusion as to source of origin and therefore bars an action for infringement misperceives an important element of trademark law. The concept of likelihood of confusion is not limited solely to confusion as to source of origin but rather encompasses any kind of confusion. Of particular relevance in the context of grey market goods is the concept of likelihood of confusion as to "sponsorship" – that is, confusion as to the identity of the company that stands behind or insures the quality of the trademarked goods.

Disenos Artisticos e Industriales, S.A. v. Work, 676 F. Supp. 1254, 1268-69 (E.D.N.Y. 1987); *see Forschner Group, Inc. v. Arrow Trading Co.*, 30 F.3d 348, 358, 31 U.S.P.Q.2d (BNA) 1614 (2d Cir. 1994); *Societe des Produits Nestle, S.A. v. Casa Helvetia, Inc.*, 982 F.2d 633, 639 n.7, 25 U.S.P.Q.2d (BNA) 1256 (1st Cir. 1992) ("differences in, say, warranty protection or service commitments . . . may well render products non-identical in the relevant Lanham Trade-Mark Act sense").

The cases on which Menard and the lower courts rely for the proposition that "genuine" goods cannot infringe do not, in fact, stand for that proposition; rather, they stand for the proposition that the unauthorized distribution or sale of "genuine" goods does not by itself constitute infringement *unless* such distribution or sale "is likely to cause confusion, or to cause mistake, or to deceive." *See, e.g., Matrix Essentials, Inc. v. Emporium Drug Mart, Inc.*, 988 F.2d 587, 591-92, 26 U.S.P.Q.2d (BNA) 1532 (5th Cir. 1993) ("The critical element that is missing from

Matrix's argument and from the facts of this case . . . is the element of consumer confusion."); *McCoy v. Mitsuboshi Cutlery, Inc.*, 67 F.3d 917, 923-24, 36 U.S.P.Q.2d (BNA) 1289 (Fed. Cir. 1995). Those cases are distinguishable from this case because *Menard's sales did indeed confuse the public* about who was marketing and servicing the blocks. Not only did "[p]eople go into Menards and believe they're buying our product," but they called Brand directly rather than Menard or Mr. Derner with questions or problems about using the blocks, believing that the chain of distribution flowed from the Petitioners rather from Mr. Derner. Mr. Budlong testified that Menard even referred some customers to the Petitioners with questions about blocks that they had bought from Menard. That testimony was also called to the District Court's attention.

From this record, a jury may well conclude that "the consuming public could . . . have been confused about either the blocks' source or quality." The summary judgment in Menard's favor as to the claims for trademark infringement is therefore erroneous. *See Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986); *Ekchian v. Home Depot, Inc.*, 104 F.3d 1299, 1302, 41 U.S.P.Q.2d (BNA) 1364 (Fed. Cir. 1997).

II. The lower courts erroneously held the '967 patent invalid.

A. The lower courts erroneously applied the one-year bar under 35 U.S.C. § 102(b) by improperly discrediting the inventors' testimony.

The District Court held that "Menards has shown by clear and convincing evidence that the '967 patent was on sale and described in a printed publication more than on[e] year before the application filing date" and "concludes that the '967 is therefore invalid under [35 U.S.C.] § 102(b)." The Court of Appeals affirmed.

The application for the '967 patent was filed on September 28, 1987, so the relevant issue of material fact is whether "the invention was . . . described in a printed publication . . . or in public use or on sale" before September 28, 1986. Mr. Hoffman has explicitly testified that it was not:

> 19. At no time prior to September 29, 1986, did Serve-n-Save or did I or did Sam Bright sell the block for use in a partially raised or a fully raised deck. At no time prior to September 29, 1986 was the use of the block for constructing partially raised or fully raised decks shown or described in any printed publication.
>
> 20. The first sale of the block for a partially raised deck (or any other raised deck) and the first publication of any plans describing the use of the blocks for partially raised decks (or any other raised deck) did not occur, to the best of my knowledge and belief, until March 1987 when the first Pro Shop deck plans (printed in February 1987) were distributed.

Mr. Hoffman also testified consistently at his deposition in this action. The District Court overlooks this testimony, finding instead that "[n]othing in the record substantiates [the Plaintiffs'] assertion" "that at Hoffman's most recent deposition, which was taken in this case on November 28, 1995, Hoffman testified that 'he did not sell blocks or plans more than one year prior to the filing of the '967 patent application.' " The District Court accordingly concludes that "Hoffman's November 1995 deposition in this action does not create a genuine issue of fact."

The lower courts disregard this record in favor of allegedly conflicting testimony from Mr. Hoffman from another deposition, almost two years earlier, in a different action, which Mr. Hoffman had changed promptly afterward as the applicable rule allows. *See* Fed. R. Civ. P. 30(e) ("the deponent shall have 30 days . . . in which to review the transcript . . . and, if there are changes in form or substance, to sign a statement reciting such changes and the reasons given by the deponent for making them"). Mr. Hoffman not only made the changes and recited his reasons, as the rule provides, but he also promptly supported them with a detailed declaration explaining why he had been confused by the questioning during his oral examination:

> 21. On February 28 and March 1, 1995, I testified at a deposition in an action entitled *Brand Management, Inc. v. McCoy Corporation* (N.D. Tex.) ("my deposition").
>
> 22. At my deposition, my testimony erroneously suggested that I envisioned using the block for building partially raised and fully

raised decks in the November/December 1985 time frame, which Mr. Costakos [McCoy's attorney examining Mr. Hoffman] apparently referred to as "this early stage."

23. When Mr. Costakos asked me at my deposition whether I contemplated using the block to build partially raised decks and fully raised decks "at this early stage," I mentally associated "this early stage" with the entire period between November/December 1985 and the formation of Pro Shop in early 1987. Since I did conceive using the block for raised decks in this period of time (*i.e.*, July through September 1986), I answered in the affirmative. In responding to Mr. Costakos' questions, I neglected to focus specifically on the November/December 1985 time frame.

24. My lumping together of events which happened in the "early stage" between November/December 1985 and early 1987 is responsible for other inaccuracies in my deposition testimony as well. For example, I testified that I thought we were using the DEK-BLOCK trademark in mid-1986, *e.g.*, Hoffman Depo., vol. I, pp. 39, 58-59, when, in fact, we did not begin using the DEK-BLOCK trademark until November 1986, as stated on our trademark application.

25. At my deposition, I also mistakenly indicated that the Serve-n-Save "precursor plans" showed how to make raised decks and that they showed elevating and leveling instructions. Neither implication was accurate, however. To the contrary, my answers in this regard were the result of my confusion regarding Mr.

> Costakos' questions and my own imperfect recollection of events.
>
> 26. While answering Mr. Costakos' questions, I consciously tried to keep separate in my mind two years (1986 and 1987), two companies (Serve-n-Save and Pro Shop), two patents (the November 1986 '291 application and the September 1987 07/101,832 application), and two sets of deck plans (black and white "precursor" plans and the "orange" Pro Shop plans). This separation was difficult to maintain, however, because each pair of items had similarities as well as differences. For example, Figure 13 of the '291 application (which illustrates a concrete block having both a slotted recess and a center pocket recess) is identical with Figure 13 of the '832 application. Likewise, the "precursor" plans and the "orange" plans both showed how to build flat decks. In addition, although Pro Shop did not come into existence as a corporate entity until early 1987, I began to associate my new marketing ideas with the Pro Shop name in mid-1986. At times during my deposition, I was unable to maintain this separation.

Mr. Hoffman then offers two pages of specific examples of questioning that confused him, explains his confusion in detail, corrects and explains his answers, and finally concludes,

> 30. Since my deposition, I have had time to search my memory more fully, to reconsider the precise questions that were asked, and to locate and review additional documents – including the Serve-n-Save deck plans attached as Exhibit A – that further refreshed my recollection. Based upon this close examination, I am

> satisfied that the facts set forth in this Declaration are accurate.

The District Court here cited the very testimony that Mr. Hoffman shortly thereafter corrected, without anywhere citing Mr. Hoffman's explanation or the corrected testimony, even though that explanation and the corrected testimony were also in the record.

As the District Court was informed, this case is not the first where this very issue has arisen as to Mr. Hoffman's conflicting testimony in the *McCoy* case. Jeff Costakos – the same attorney who took Mr. Hoffman's deposition in the *McCoy* case, and the same attorney who represents Menard in this case – impeached Mr. Hoffman using his inconsistent former testimony in the *Oldcastle* case in a trial held at Alexandria, Virginia, in late 1995. Mr. Hoffman's declaration that appears in the record in this action was made in the *Oldcastle* case, in which the same Plaintiffs as in this action successfully prosecuted substantially similar claims against other defendants. The *Oldcastle* case was tried to a jury which heard Mr. Hoffman's testimony on the stand; heard him impeached live with his inconsistent former testimony from the *McCoy* deposition; and nevertheless upheld the '967 patent, after hearing the defendants' arguments on obviousness and on the one-year bar, and found that the defendants had willfully infringed it. The *Oldcastle* court overturned the finding as to wilfulness but upheld the patent's validity. The record in this action contains numerous papers relating to post-trial motions in the *Oldcastle* case as well as other evidence from the record there, including declarations from the inventors, Mr. Hoffman and Mr. Bright.

(The *Oldcastle* record, including the favorable jury verdict, was explicitly called to the attention of the District Court, which even acknowledged "materials submitted in other actions" as being in the record before it.)

Notwithstanding his clear and contemporaneous explanation of his inconsistent former testimony, a jury verdict in the *Oldcastle* case that clearly relied on Mr. Hoffman's corrected testimony as credible, and Mr. Hoffman's being subject to cross-examination at his deposition in this action about his testimony at his deposition in the *McCoy* case, the District Court here weighed the evidence and found it wanting. The District Court therefore summarily concluded "that Hoffman's declaration does not create a genuine issue of fact for trial." The Court of Appeals affirmed:

> we find no error in the district court's conclusion that Mr. Hoffman had failed to provide a satisfactory explanation for the discrepancy between his deposition testimony in *McCoy* and subsequent declaration in *Oldcastle*, and that therefore the declaration did not create a genuine issue of material fact.

However, on a motion for summary judgment, the court must "credit all of the evidence that favors the nonmovant." Order at 12 (4/7/97); *accord Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986). The court cannot itself weigh the evidence: "at the summary judgment stage the judge's function is not himself to weigh the evidence and determine the truth of the matter but to determine whether there is a genuine issue for trial." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249 (1986). When faced with conflicting evidence in the form

of inconsistent testimony from the same witness, the non-moving party enjoys the benefit of the doubt, as long as the witness can offer "a satisfactory explanation for the discrepancy at the time the declaration is filed." *Sinskey v. Pharmacia Ophthalmics, Inc.*, 982 F.2d 494, 498, 25 U.S.P.Q.2d (BNA) 1290 (Fed. Cir. 1992).

The rule in the Eighth Circuit is that "contradictory affidavits will preclude summary judgment only if the prior testimony reflects confusion on the part of the witness and the affidavits explain why the earlier testimony is in conflict with the affidavits." *RSBI Aerospace, Inc. v. Affiliated FM Ins. Co.*, 49 F.3d 399, 402 (8th Cir. 1995). Here, Mr. Hoffman has offered "a satisfactory explanation" for his inconsistent former testimony – not months or years after the fact, but promptly after the testimony, and in the manner for which the rules provide; not in order to stave off the impending motion for a summary judgment from which this appeal has been taken, but rather in a different case altogether, more than a year before; and he has done so in a way which convinced at least one jury that his corrected testimony was worth believing. If Judge Bryan in the *Oldcastle* case let that testimony go to the jury, and the *Oldcastle* jury believed Mr. Hoffman's declaration rather than the former testimony that his declaration was correcting, then the lower courts here can hardly hold as a matter of law that a jury in this action could not view the evidence in the same way, and summary judgment was therefore improper. *See Ekchian v. Home Depot, Inc.*, 104 F.3d 1299, 1302, 41 U.S.P.Q.2d (BNA) 1364 (Fed. Cir. 1997) ("On appeal from a grant of summary judgment of noninfringement, we must determine whether, on the patentee's version of the

facts, the district court correctly concluded that the patentee had failed to show that a reasonable jury could find infringement.") (citing *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986)). This Court must accordingly overturn that summary judgment if the Petitioners "only show that one or more of the facts on which the district court relied was 'genuinely in dispute' . . . and was material to the judgment." *Avia Group Int'l, Inc. v. L.A. Gear Cal., Inc.*, 853 F.2d 1557, 1561-62, 7 U.S.P.Q.2d (BNA) 1548 (Fed. Cir. 1988) (quoting *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986)).

Furthermore, regardless of Mr. Hoffman's credibility, the District Court also had before it (but nowhere mentions) the testimony of his co-inventor Mr. Bright:

> 15. At no time prior to September 29, 1986, did Serve-n-Save, did Paul Hoffman or did I sell the block for use in a partially raised or a fully raised deck. At no time prior to September 29, 1986 was the use of the block for constructing partially raised or fully raised decks shown or described in any printed publication.
>
> 16. Instead, the first sale of the block for a partially raised deck (or any other raised deck) and the first publication of any plans describing the use of the block for partially raised decks (or any other raised deck) did not occur, to the best of my knowledge and belief, until March 1987 when the first Pro Shop deck plans (printed in February 1987) were distributed.

The lower courts improperly discredited the inventors' testimony, and the summary judgment in Menard's favor as to the '967 patent is therefore erroneous.

B. The lower courts erroneously held that the '967 patent is obvious.

Finally, the District Court "conclude[d] that Menards has shown by clear and convincing evidence that the '967 patent is invalid because it was obvious at the time the application was filed." The Court of Appeals affirmed. But a Patent Examiner clearly thought otherwise after weighing that very issue, rejecting Mr. Hoffman's original application, and requiring that Mr. Hoffman modify his application in order to overcome the very defect of obviousness.

That Examiner and his experienced judgment are entitled to deference. As this Court pointed out in a seminal case analyzing the rule against obviousness, "it must be remembered that the primary responsibility for sifting out unpatentable material lies in the Patent Office." *Graham v. John Deere Co.*, 383 U.S. 1, 18 (1966). Likewise, the patent itself enjoys a presumption of validity that the courts must respect unless Menard can rebut it, 35 U.S.C. § 282, not by evidence that is merely preponderant, but by evidence that is clear and convincing. *North Am. Vaccine, Inc. v. American Cyanamid Co.*, 7 F.3d 1571, 1579, 28 U.S.P.Q. (BNA) 1333 (Fed. Cir. 1993); *Buildex, Inc. v. Kason Indus., Inc.*, 849 F.2d 1461, 1463, 7 U.S.P.Q.2d (BNA) 1325 (Fed. Cir. 1988).

Menard has offered no new evidence tending to suggest that Mr. Hoffman's invention was "obvious" that the Patent Office did not already consider before concluding that the invention was *not* obvious. Specifically, the Patent Examiner considered both a "flat" deck and a partially raised deck, which the patent shows side by side on

the same page, and allowed the partially raised deck as patentable. The partially raised deck therefore cannot be obvious from the flat deck. Without more, Menard cannot overcome the presumption of validity. However, the only evidence that Menard offered on that point was "expert" testimony from Dr. Thomas Obermeyer, an architect, who had never reviewed a patent before being retained for his testimony in this action and does not hold himself out as experienced in patent law. Dr. Obermeyer's testimony was therefore inadmissible: "Where a technical expert admits that he or she is not an expert in patent law and his or her testimony is not offered as that of a legal expert, that witness' opinion on the validity of the patent, a legal question, need not be admitted." *Henkel Corp. v. Coral, Inc.*, 754 F. Supp. 1280, 1314, 21 U.S.P.Q.2d (BNA) 1081 (N.D. Ill. 1990), *aff'd*, 945 F.2d 416 (Fed. Cir. 1991) (mem.). Menard has therefore failed in meeting its burden of proving obviousness.

The Petitioners, on the other hand, have supplied an opinion from a *qualified* expert that the '967 patent was *not* obvious. Their expert, Professor A. Samuel Oddi, is a professor of law who has taught on the law of intellectual property for more than three decades, and has focused in that area – including patent law – for more than fifteen years. Professor Oddi holds degrees in electrical engineering and law. Besides a distinguished career as a teacher, as a scholar with numerous publications to his credit, and as a consultant, Professor Oddi has practiced as a patent attorney for major corporations, has served as senior legal officer for the World Intellectual Property Organization in Geneva, is a Registered Patent Attorney, is a member of the bar of this Court, and has worked in

the Patent Office as a Patent Examiner. Professor Oddi has testified at length that, in his opinion, the '967 patent was not obvious.

Both Menard's expert Dr. Obermeyer and the lower courts conclude that the '967 patent was "obvious" in hindsight. However, this Court must measure obviousness "at the time the invention was made," obviousness "to a person having ordinary skill in the art," 35 U.S.C. § 103 – not obviousness to a highly trained architect like Dr. Obermeyer, opining after the invention has been successfully marketed. Neither Dr. Obermeyer nor the lower courts consider the novelty of a dual-purpose block – that is, a block that can hold either a horizontal or a vertical member *in the same structure*. No prior art, not even the "flat" deck, suggests such a mixture of applications within the same structure.

Furthermore, the *Oldcastle* case was tried to a jury which heard the defense of obviousness, and nevertheless upheld the '967 patent and found that the defendants had willfully infringed it. The *Oldcastle* court likewise heard and rejected post-trial motions in which the defendants argued that "the ['967] patent is invalid as being an obvious variant of the Figure 16 prior art."

The relevant "secondary considerations" such as "commercial success, long felt but unsolved needs, failure of others, etc.," *Graham*, 383 U.S. at 17; *accord Electro Med. Sys., S.A. v. Cooper Life Sciences, Inc.*, 34 F.3d 1048, 1053, 32 U.S.P.Q.2d (BNA) 1017 (Fed. Cir. 1994) ("long-felt but unsatisfied need, failure of others, commercial success, copying, and tribute by others"), likewise support the patent's non-obviousness. Mr. Hoffman's and Mr. Bright's

declarations offer some insight into the creative process by which they invented their concept for partially- or fully-raised deck construction. Mr. Hoffman's testimony sets forth the numerous issues – building codes, engineering considerations, frost lines – that the inventors took into account while designing and before marketing their invention. Mr. Budlong's testimony generally illustrates the Petitioners' commercial success with the '642 and the '967 patents, as does Mr. Hoffman's testimony. Finally, before Paul Hoffman and Sam Bright, nobody in history ever thought of inventing the '967 patent, with its mixture of functions and applications for non-obvious solutions to novel problems – even though decks have been being built and deck-construction devices have been being patented for many years, as evidenced by all the prior art that the Patent Examiner considered. That patent is not obvious and this Court ought not to deprive Mr. Hoffman of the fruits of his invention.

Therefore, the lower courts erroneously held that the '967 patent is obvious, and the summary judgment in Menard's favor as to the '967 patent is erroneous.

CONCLUSION

The Petitioners therefore seek a writ of certiorari.

BRIAN B. O'NEILL
Counsel of Record for Petitioners
FAEGRE & BENSON LLP
2200 Norwest Center
90 South Seventh Street
Minneapolis, MN 55402-3901
Ph. 612-336-3000

APPENDIX

Decision, *Brand Management, Inc. v. Menard, Inc.*, No. 97-1329 (Fed. Cir. Jan. 14, 1998) .....App. 1

Order, *Brand Management, Inc. v. Menard, Inc.*, Civ. No. 4-94-623 (D. Minn. Apr. 7, 1997, filed Apr. 8, 1997).....App. 28

United States Court of Appeals
for the Federal Circuit

No. 97-1329.

BRAND MANAGEMENT, INC., PRO SHOP PLANS CO., INC., d/b/a PRO SHOP COMPANY, and PAUL HOFFMAN,

Plaintiffs-Appellants,

v.

MENARD, INC.,

Defendant-Appellee.

DECIDED: January 14, 1998

Before CLEVENGER, Circuit Judge, SMITH, Senior Circuit Judge, and SCHALL, *Circuit Judge.*

SCHALL, *Circuit Judge.*

DECISION

This case arises out of the sale of concrete pier blocks by Menard, Inc. (Menard), a retailer who purchased the blocks from a manufacturer authorized to make them. Plaintiffs-Appellants Brand Management, Inc. (Brand), Pro Shop Plans Company, Inc. (Pro Shop), and Paul Hoffman sued Menard in the United States District Court for the District of Minnesota for trademark and trade dress infringement and for infringement of United States Patent Nos. 4,742,642 (the '642 patent) and 5,163,967 (the '967 patent) stemming from Menard's sale of the pier blocks.

In due course, the district court granted summary judgment in favor of Menard, holding that (1) the blocks sold by Menard were genuine, and thus incapable of causing a likelihood of confusion so as to infringe Brand and Pro Shop's trademark and trade dress rights; (2) Menard did not infringe the '642 patent, either literally or under the doctrine of equivalents; and (3) the '967 patent was invalid under 35 U.S.C. §§ 102 and 103. *Brand Management, Inc. v. Menard, Inc.*, No. 94-623 (D. Minn. Apr. 7, 1997). Finding no error, we *affirm*.

DISCUSSION

I.

Unless otherwise noted, the facts in this case are undisputed. Paul Hoffman, one of the plaintiffs-appellants, and Sam Bright are the inventors named on the '642 patent, which is entitled "Construction Device for Connecting Building Elements." They also are the inventors named on the '967 patent, which is entitled "Deck Construction." Mr. Hoffman and Mr. Bright assigned their rights in the '642 patent to Pro Shop. Pro Shop also holds Trademark Registration No. 1,494,279 on the mark "DEK-BLOCK," for use on "concrete footings for decks." Pro Shop has granted Brand an exclusive license with respect to the '642 patent. Brand also holds an exclusive license with respect to Pro Shop's trademark rights in the DEK-BLOCK mark and its trade dress rights related to concrete pier blocks. Brand also is the exclusive licensee of the '967 patent. Brand, which was formed in 1992, is owned by Irving Budlong, who also is its sole officer.

Defendant-Appellee Menard is a retailer. In 1989, it began by buying DEK-BLOCK brand pier blocks from Mr. Budlong's former company, Dek-Block Systems. When the company encountered financial difficulties in late 1991, Mr. Budlong sold some of its assets to Dek Brands, a company created by John Derner for the purpose of marketing DEK-BLOCKs nationally. Mr. Budlong worked with Dek Brands and Mr. Derner from the time of Dek Brand's creation until October of 1992. During that period, Mr. Budlong and Mr. Derner jointly made and sold DEK-BLOCK pier blocks with the knowledge and consent of Mr. Hoffman and Pro Shop.

Mr. Budlong's business relationship with Mr. Derner ended in October of 1992. At that time, however, Mr. Derner still had over 80,000 pier blocks in inventory. These blocks were identical to the blocks which Mr. Derner previously had sold under the trademark DEK-BLOCK before termination of his business relationship with Mr. Budlong. Mr. Budlong offered to purchase the remaining pier blocks from Mr. Derner at less than full market value, intending to have Brand resell the blocks to customers under the trademark DEK-BLOCK, but Mr. Derner rejected the offer. The parties disagree over whether Mr. Derner had permission to sell the remaining inventory to anyone other than Mr. Budlong.[1]

In 1994, many of the concrete pier blocks still were in Mr. Derner's inventory, and he offered to sell them to

---

[1] Because we resolve the claims of trademark, trade dress, and patent infringement based on alternative grounds, we do not address the district court's holding that Menard enjoyed an implied license to sell the DEK-BLOCK pier blocks.

Menard. Menard accepted the offer and took delivery of about 80,000 blocks. Thereafter, Menard sold some of the blocks as "DEK-BLOCK" pier blocks, some of the blocks as "deck blocks," and the remainder of the blocks as "post support blocks." During this period, Menard had other DEK-BLOCK brand pier blocks in stock, which had been acquired from authorized dealers.

In July of 1994, Brand, Pro Shop, and Mr. Hoffman commenced this action in the district court. Pro Shop and Brand asserted that Menard had infringed their trademark rights in the mark DEK-BLOCK and their trade dress rights in the shape of their concrete pier blocks. Pro Shop and Brand also alleged that Menard had infringed claims 1-4 of the '642 patent. Finally, Hoffman and Brand alleged that Menard had infringed claims 1-3 of the '967 patent. Menard denied infringement and countered that the '967 patent was invalid. As noted, the district court granted summary judgment in favor of Menard on the issues of infringement and validity.

II.

On appeal, we review a grant of summary judgment *de novo*, applying the same standard as the district court. *See Mingus Constructors, Inc. v. United States*, 812 F.2d 1387, 1390 (Fed. Cir. 1987). Summary judgment is proper where the movant establishes that there are no genuine issues of material fact, and the movant is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c). A genuine issue of material fact exists if there is a dispute of fact, the disputed fact is material to the outcome of the case, and the dispute is genuine, that is, a reasonable jury

could return a verdict for either party. *See Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247 (1986). The moving party has the burden of proving that summary judgment is proper. *See Adickes v. S.H. Kress & Co.*, 398 U.S. 144, 157 (1970). When considering a motion for summary judgment, a court should construe all evidence in favor of the non-moving party. *Anderson*, 477 U.S. at 247. However, if evidence submitted by the non-moving party is merely colorable or is not significantly probative, summary judgment may be granted. *Id.* at 249-50.

III.

We address the trademark and trade dress claims first. Brand and Pro Shop contend that Menard's sale of the concrete blocks it obtained from Mr. Derner infringed their registered DEK-BLOCK trademark and trade dress. The district court concluded that the concrete pier blocks sold by Menard were genuine, and that, therefore, the consuming public could not have been confused about either the source or the quality of the blocks. On appeal, Brand and Pro Shop urge us to find that summary judgment was inappropriate because Menard was not selling "genuine" goods and because a reasonable jury could have found the requisite confusion on the part of the consuming public. We disagree. Because the concrete pier blocks sold by Menard were genuine, the district court did not err in holding, as a matter of law, that Brand and Pro Shop's rights were not infringed.

Eighth Circuit law applies to the trademark and trade dress issues in this case, which are not unique to the

Federal Circuit's jurisdiction. *See McCoy v. Misuboshi Cutlery, Inc.*, 67 F.3d 917, 920 n. 1, 36 USPQ2d 1289, 1291 n. 1 (Fed. Cir. 1995). The purpose of trademark law is to protect the public from confusion; thus, the test for trademark and trade dress infringement is whether there is a likelihood of confusion. *See* 15 U.S.C. §§ 1114(1)(a), 1125(a)(1)(A) (1994). Whether there is a likelihood of confusion under the Lanham Act traditionally has been considered a question of fact. *David Sherman Corp. v. Heublein, Inc.*, 340 F.2d 377, 380, 144 USPQ 249, 251 (8th Cir.1965). However, the Eighth Circuit has recognized the genuine goods rule: no likelihood of confusion exists when a trademark is used to identify the goods originally marketed by the trademark owner under that mark. *See Henry v. Chloride, Inc.*, 809 F.2d 1334, 1349, 1 USPQ2d 1610, 1622 (8th Cir. 1987); *see also Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924). Indeed, most courts considering the question have held that no likelihood of confusion exists as a matter of law where there is a sale of genuine goods, even if the sale is unauthorized. *See, e.g., McCoy*, 67 F.3d at 923, 36 USPQ2d at 1293; *Matrix Essentials, Inc. v. Emporium Drug Mart, Inc.*, 988 F.2d 587, 590, 26 USPQ2d 1532, 1534 (5th Cir. 1993); *Shell Oil Co. v. Commercial Petroleum, Inc.*, 928 F.2d 104, 107, 18 USPQ2d 1156, 1157 (4th Cir. 1991); *NEC Elecs. v. CAL Circuit Abco*, 810 F.2d 1506, 1510, 1 USPQ2d 2056, 2058 (9th Cir. 1987); *see also Restatement (Third) of Unfair Competition* § 24 (1993). They have done so because "trademark law is designed to prevent sellers from confusing or deceiving consumers about the origin or make of a product, which confusion ordinarily does not exist when a genuine article bearing a

true mark is sold." *NEC Elecs.*, 810 F.2d at 1510, 1 USPQ2d at 2058.

Brand and Pro Shop assert that the goods sold by Menard cannot be considered genuine because, through Menard's actions, they lost the right to control the quality of the product. It is true that a product is not truly genuine unless it is manufactured and distributed under the same quality control standards established by the trademark owner. *See Shell Oil*, 928 F.2d at 108, 18 USPQ2d at 1157-58 ("The use of the Shell marks implies that the product has been delivered according to all quality control guidelines enforced by the [trademark owner]."); *El Greco Leather Prods. Co. v. Shoe World, Inc.*, 806 F.2d 392, 395, 1 USPQ2d 1016, 1017 (2d Cir. 1986) (finding sale was not of genuine goods because the trademark owner never verified the quality of the goods through inspection); *Adolph Coors Co. v. A. Genderson & Sons, Inc.*, 486 F.Supp. 131, 134-37, 209 USPQ 103, 105-08 (D. Colo. 1980) (holding that Coors beer sold by defendant distributor was not genuine because defendant did not maintain refrigeration requirements mandated by Coors).

Here, however, the pier blocks were manufactured under a license and distributed in accordance with the same quality control procedures observed by the trademark owner. Brand and Pro Shop do not contend that the blocks were changed in the distribution process by either Mr. Derner's or Menard's failure to maintain quality control standards. To the contrary, Brand's own quality control inspector testified that he inspected the pier blocks sold by Menard and determined that they were identical in quality to other authorized DEK-BLOCKS. Indeed, at

the same time that Menard sold the blocks that it obtained from Mr. Derner, it was selling indistinguishable blocks that it had obtained from authorized dealers. Finally, Mr. Budlong testified that he offered to buy the blocks from Mr. Derner and would have resold them under the DEK-BLOCK trademark. Obviously, Mr. Budlong believed that the 80,000 pier blocks remaining in Mr. Derner's inventory that eventually were sold by Menard met required quality standards.

In short,

> [t]he critical element that is missing from [Pro Shop and Brand's] argument and the facts of this case . . . is the element of consumer confusion. The common thread in all the above cited cases where trademark infringement was found is that each involved some defect (or potential defect) in the product itself that the consumer would not be readily able to detect. The oil, shoes, and beer from *Shell*, *El Greco*, and *Coors* all contained or could potentially contain a latent product defect due to the unauthorized distributor's failure to observe the manufacturer and mark owner's rigorous quality control standards. Most importantly, a consumer would not necessarily be aware of the defective condition of the product and would thereby be confused or deceived.

Matrix Essentials, 988 F.2d at 591, 26 USPQ2d at 1535. Brand and Pro Shop have provided us with no convincing reason to conclude that any consumers who bought DEK-BLOCK brand pier blocks were confused or deceived as to the source of the blocks. To the contrary, they admit

that consumers "go into Menards and believe they're buying our product."

It is undisputed that, at the time the pier blocks which Menard eventually acquired were made, Mr. Derner had authority to sell the blocks. Brand and Pro Shop argue, however, that summary judgment was inappropriate because Mr. Derner was not authorized to sell his remaining inventory to Menard in 1994. Thus, so the argument goes, Menard did not in turn enjoy an implied license to sell the blocks to consumers. Even accepting this assertion as true, however, there is no material issue of fact for trial. As discussed above, the basic rule is that the unauthorized sale of a genuine trademarked article does not, without more, constitute a Lanham Act violation. Accordingly, once it was established that the goods at issue were genuine, all that was left for the district court was the task of reaching the inevitable legal conclusion that, even in the absence of an implied license, Brand and Pro Shop could not establish liability. Therefore, summary judgment was appropriate.

IV.

Turning to the patent infringement issue, Brand and Pro Shop allege that Menard infringed claims 1-4 of the '642 patent. Those claims are directed to a construction device for connecting lumber building elements, such as 2x4's and 4x4's, to a base in the construction of a deck. The claimed device includes a plurality of wall portions disposed in a zig-zag pattern for receiving a vertical post as well as a number of horizontal supports. Claim 1 is the

only independent claim; claims 2 through 4 depend from it. Claim 1 provides as follows:

> 1. A construction device for anchoring or connecting construction elements to a base comprising:
>
> a body member having upper and lower ends and defining sides,
>
> said lower end serving as a support of the member on a base, and recess means in the upper end of said body member forming an anchor seat for a construction element,
>
> said recess means comprising a pair of recesses extending at right angles to each other and fully from respective sides of said body member to the other whereby one or more construction elements can be laid therein in edge relation,
>
> said recess means also including a rectangular socket disposed in a central portion of said body member and arranged to receive the bottom end of an upright construction element in support engagement,
>
> *said defining sides comprising a plurality of connected wall portions leading in a zig zag pattern forming said full width recesses and said rectangular central socket.*

(Emphasis added.)

The district court held that the accused concrete pier blocks do not infringe claim 1 either literally or under the doctrine of equivalents. The dispute in the district court centered on the meaning of the term "sides" in the last clause of claim 1. The court interpreted the term "sides" to mean both the external and internal sides. *Brand Management, Inc. v. Menard, Inc.*, No. 94-623, slip op. at 24 (D. Minn. Apr. 7, 1997). According to the district court, "both

the internal and external surface of the 'sides' [of the accused device] must necessarily zig-zag" for a finding of infringement. *Id.* It is undisputed that the concrete pier blocks sold by Menard do not contain zig-zagged external sides.

Brand and Pro Shop argue that the district court misconstrued the claims of the '642 patent and thus erred in granting summary judgment of noninfringement. We disagree. The district court properly construed the claims of the '642 patent to preclude literal infringement and did not err in determining that there could be no infringement under the doctrine of equivalents.

V.

A patent infringement analysis involves two steps: first, the claim meaning and scope is determined, and second, the properly construed claim is compared with the accused device to determine whether each claim limitation is present, either literally or by an equivalent. *See Carroll Touch, Inc. v. Electro Mechanical Sys.*, 15 F.3d 1573, 1576, 27 USPQ2d 1836, 1839 (Fed. Cir. 1993). Claim construction is a question of law properly decided on summary judgment. *See Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979, 34 USPQ2d 1321, 1329 (Fed. Cir. 1995) (in banc), *aff'd*, 116 S. Ct. 1384, 38 USPQ2d 1461 (1996). The second step of the inquiry, comparing the properly construed claim with the accused product, is a question of fact. *See CVI/Beta Ventures, Inc., v. Tura LP*, 112 F.3d 1146, 1152, 42 USPQ2d 1577, 1581 (Fed. Cir. 1997). In the absence of a factual dispute, the issue may be decided on summary judgment. Here, there are no disputed facts. We

focus on the zig-zagged sides limitation because if that limitation cannot be found in the concrete blocks sold by Menard, either literally or by equivalence, there can be no infringement as a matter of law. *See Pennwalt Corp. v. Durand-Wyland Inc.*, 833 F.2d 931, 935, 4 USPQ2d 1737, 1739 (Fed. Cir. 1987) (in banc).

Turning to the issue of literal infringement, we construed claim 1 of the '642 patent in *Brand Management, Inc. v. Sutherland Lumber Southwest, Inc.*, 116 F.3d 1497, 1997 WL 351268 at *2-3 (Fed. Cir. 1997) (unpublished table decision).[2] We held "sides" to mean both external and internal sides.[3] *Id.* at *3. In so doing, we looked to the claims, the specification and the prosecution history. *See id.; see also Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582, 39 USPQ2d 1573, 1576 (Fed. Cir. 1996). We noted that, during prosecution, the inventors stated that the claims are only directed to the embodiments depicted in Figures 1-12 of the specification and that they disclaimed the concrete pier blocks depicted in Figures 13-15. *See Sutherland Lumber*, 1997 WL 351268 at *2. Figure 1, representative of Figures 1-12, and Figure 13, representative of Figures 13-15, are reproduced below. Figure 1. Figure 1 of the '642 Patent. Figure 2. Figure 13 of the '642 Patent.

---

[2] Although our discussion of claim construction differs from the district court's, the district court properly construed "sides" to mean both internal and external surfaces.

[3] Brand and Pro Shop concede that, under our claim construction in *Sutherland*, as a matter of law Menard's sale of the concrete pier blocks cannot infringe the '642 patent.

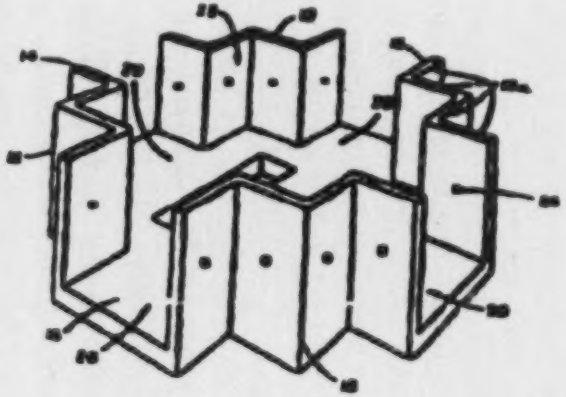

Figure 1. Figure 1 of the '642 Patent.

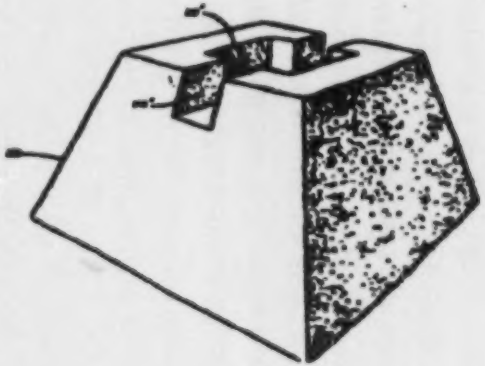

Figure 2. Figure 13 of the '642 Patent.

In *Sutherland*, we noted that the concrete pier blocks depicted in Figures 13-15 differ from the connecting elements depicted in Figures 1-12 in two respects: (1) Figures 13-15 do not include zig-zagged outer sides; and (2) Figures 13-15 contain two-way as opposed to four-way recesses. *Id.* at *3. We concluded that the "statement in the prosecution history that the claims are directed only at Figures 1-12 could convey to one of ordinary skill in the art that the patentee considers his invention to cover only devices with zig-zagged outer sides." *Id.* On the other hand, we also stated that "it is not clear that one of ordinary skill would interpret the statement in the prosecution history as speaking only to the recess limitation." *Id.* Relying on *Athletic Alternatives, Inc. v. Prince Manufacturing, Inc.*, 73 F.3d 1573, 1581, 37 USPQ2d 1365, 1372 (Fed. Cir. 1996), we stated: "Faced with two competing interpretations that are equally tenable, we choose to reinforce the notice requirement by construing claim 1 narrowly." *Sutherland Lumber*, 1997 WL 351268 at *3.

Therefore, we adopt the narrower meaning of the term "sides" and interpret claim 1 to require both internal and external zig-zagged sides. In order for there to be literal infringement, each and every limitation set forth in a patent claim must be found in the accused product. *See CVI/Beta Ventures*, 112 F.3d at 1161, 42 USPQ2d at 1588. Because the concrete pier blocks sold by Menard did not contain zig-zagged external sides, Menard did not literally infringe claims 1-4 of the '642 patent.

We further hold that Brand and Pro Shop have not established infringement under the doctrine of equivalents. In *Sutherland*, we held that an accused device that lacks zig-zagged outer sides cannot, as a matter of law,

infringe claim 1 of the '642 under the doctrine of equivalents. *See Sutherland Lumber*, 1997 WL 351268 at *3. A claim element is equivalently present in an accused device only if "insubstantial differences" distinguish the missing claim element from the corresponding structure of the accused device. *Hilton Davis Chem. Co. v. Warner-Jenkinson Co.*, 62 F.3d 1512, 1517-18, 35 USPQ2d 1641, 1645 (Fed. Cir. 1995) (in banc), *rev'd on other grounds*, 117 S. Ct. 1040 (1997). In this case, prosecution history estoppel precludes Brand and Pro Shop from asserting that the difference between zig-zagged outer sides and non-zig-zagged outer sides is insubstantial.

VI.

In the district court, Hoffman and Brand alleged that Menard infringed claims 1-3 of the '967 patent, relating to an outdoor residential deck construction. The '967 patent resulted from a continuation of a previous application, which itself was a continuation of a prior application, which, in turn, was a continuation-in-part of the application which matured into the '642 patent. The effective filing date of the invention claimed in the '967 patent is September 28, 1987. The written description states that the deck construction is intended for the average do-it-yourself homeowner desiring a deck on unprepared and unleveled ground typical of a backyard in a suburban residence. '967 patent, col. 2, ll. 2-5; col. 5, ll. 29-31. To this end, the claimed deck construction includes a number of one-piece pier blocks to serve as load-bearing footings on uneven ground. Each pier block includes a recess for receiving and supporting a vertical wood post or a horizontal deck surface member (*e.g.*, horizontal 2x4's). The

vertical posts are needed to offset any bumps and slopes in the ground, so that even if the ground is uneven, the deck surface will be level.

Claim 1 is the only independent claim; claims 2 and 3 depend from it. Claim 1 provides as follows:

> 1. A deck construction for uneven ground comprising:
>
> decking surface material, selected deck support members and a plurality of manufactured concrete pier blocks,
>
> said selected deck support members having a configured arrangement that includes lumber horizontal decking surface support members and lumber *vertical pillar supports*,
>
> said plurality of blocks providing base or ground support for said deck support members,
>
> said decking surface material being fastened to said horizontal decking surface support members,
>
> said configured arrangement including said horizontal decking surface support members in parallel rows directly supporting said decking surface material,
>
> *some of said horizontal decking surface support members being directly supported by said vertical pillar supports*, some of said said [sic] horizontal decking surface support being directly supported by said plurality of blocks,
>
> each block of said plurality of blocks directly engaging a deck support member of said configured arrangement of said support members for support of said deck construction on uneven ground,

> each block of said plurality of blocks being of the same construction,
>
> each block of said plurality of blocks having a top and bottom surface with a recess molded in said top surface,
>
> said recess extending fully across the top surface of said blocks,
>
> said recess having a central socket portion,
>
> each block of said plurality of blocks that directly engages a horizontal decking surface support member having said horizontal decking surface support member extending through said recess and central socket portion fully across each said block therein engaged, said block securing a deck support member in a connector free engagement.

(Emphasis added).

The district court granted summary judgment in favor of Menard, invalidating the '967 patent under 35 U.S.C. §§ 102(b) and 103. We address these separate grounds of invalidity seriatim.

VII.

A patent is presumed valid. *See* 35 U.S.C. § 282 (1994). A party seeking to overcome this presumption must establish invalidity by clear and convincing evidence. *See Perkin-Elmer Corp. v. Computervision Corp.*, 732 F.2d 888, 894, 221 USPQ 669, 674 (Fed. Cir. 1984).

The following facts relevant to the 35 U.S.C. § 102 issue are undisputed unless otherwise indicated. On February 28, 1995, Mr. Hoffman testified in a deposition in

Brand Management, Inc. v. McCoy Corp., No. 394CV-1351R (N.D.Tex.). In his testimony, he admitted that the invention covered by claims 1-3 of the '967 patent was described in a printed publication more than one year prior to the effective filing date of the '967 patent. Six weeks later, Mr. Hoffman retracted this testimony in response to a motion for summary judgment in *Brand Management, Inc. v. Oldcastle, Inc.*, No. 94-1670-A (E.D.Va.). He undertook his retraction by submitting a declaration in which he swore that he did not publish deck plans describing the invention more than one year prior to filing his patent application. The declaration lists confusion, misunderstanding, and imperfect recollection as the reasons for the subsequent change in testimony.

In this case, the district court held the '967 patent invalid under 35 U.S.C. § 102(b), based on Mr. Hoffman's alleged publication of deck plans containing every element in claims 1-3. In so doing, the court held that Mr. Hoffman's declaration in *Oldcastle* did not present an adequate explanation for the discrepancy between his declaration and his prior deposition testimony. The court concluded that "the circumstances of this case do not suggest a legitimate reason for Hoffman's filing of the inconsistent declaration." *Brand Management, Inc. v. Menard, Inc.*, No. 94-623, slip op. at 13 (D. Minn. Apr. 7, 1997).

What we must decide is whether the conflict between a non-movant's declaration and his earlier testimony creates a genuine issue as to any material fact. We apply the law of the appropriate regional circuit to an issue not unique to patent law. *See Nike Inc. v. Wolverine World Wide, Inc.*, 43 F.3d 644, 647-48, 33 USPQ2d 1038, 1040 (Fed. Cir. 1994). The Eighth Circuit has held that "[m]erely

contradicting one's earlier testimony will not create an issue of fact to stave off summary judgment where there is no indication that the damaging testimony was the result of mistake or confusion." *Anderson v. F.J. Little Mach. Co.*, 68 F.3d 1113, 1115 (8th Cir. 1995); *see RSBI Aerospace, Inc. v. Affiliated FM Ins. Co.*, 49 F.3d 399, 402 (8th Cir. 1995); *see also Camfield Tires, Inc. v. Michelin Tire Corp.*, 719 F.2d 1361, 1365 (8th Cir. 1983).

The Eighth Circuit explained the rationale behind its law in *Camfield Tires*. In that case, the court concluded that by filing an inconsistent affidavit, Camfield created issues of fact as well as questions regarding his own credibility. *See Camfield Tires*, 719 F.2d at 1365. However, the court reasoned, the issues of fact were not genuine because the circumstances of the case did not suggest legitimate reasons for Camfield's filing of the inconsistent affidavit. *Id.* The court explained that "[i]f a party who has been examined at length on deposition could raise an issue of fact simply by submitting an affidavit contradicting his own earlier testimony, this would greatly diminish the utility of summary judgment as a procedure for screening out sham issues of fact."[4] *Id.* The Eighth Circuit has recognized a narrow exception to this rule. A party's contradictory affidavit can raise a legitimate factual issue only if (1) "the alleged inconsistency created by the affidavit existed within the deposition itself" and (2) the

---

[4] One of the purposes of Rule 54 is to prevent "the assertion of unfounded claims or the interposition of specious denials or sham defenses." 10 Charles Alan Wright, et al., *Federal Practice and Procedure* § 2712 (1983).

contradictory affidavit adequately explains why the earlier testimony is in conflict with the affidavit. *Camfield Tires*, 719 F.2d at 1364; *see RSBI Aerospace*, 49 F.3d at 402.

We must determine whether the district court erred in its determination that the explanation for Mr. Hoffman's inconsistent testimony was insufficient to raise a genuine issue of material fact. We review the district court's determination *de novo*, applying the same standard of review applicable to other determinations made by the district court on motion for summary judgment. *See Camfield Tires*, 719 F.2d at 1366.

The arguments on appeal repeat those presented to the district court. Specifically, Hoffman and Brand assert that (1) Mr. Hoffman provided a satisfactory explanation for his inconsistent prior testimony and (2) the deposition testimony itself reflects confusion and inconsistency.[5] We disagree.

The attorney who deposed Mr. Hoffman in *McCoy* was fair in his questioning. He showed Mr. Hoffman the

---

[5] Brand and Pro Shop also point out that the jury in *Oldcastle*, despite having seen Mr. Hoffman impeached by his prior inconsistent testimony, upheld the validity of the patent. They contend that this conclusively shows that a reasonable jury could return a verdict for either party, and thus, that there is a genuine issue of material fact. We conclude, however, that Mr. Hoffman did not have legitimate reasons for filing the inconsistent declaration. Accordingly, based on the same reasoning applied in *Camfield*, the issues of fact created by Mr. Hoffman's declaration are not genuine. *See Camfield Tires*, 719 F.2d at 1365. In other words, whether a jury may have believed Mr. Hoffman's subsequent testimony does not change the nature of the rule preventing sham declarations.

'967 patent and asked very clear, unambiguous questions, and he did not jump from subject to subject in an attempt to confuse the witness. Furthermore, Mr. Hoffman's attorney did not object during the deposition. Finally, Mr. Hoffman's answers are clear and unambiguous. Under these circumstances, we find no error in the district court's conclusion that Mr. Hoffman had failed to provide a satisfactory explanation for the discrepancy between his deposition testimony in *McCoy* and subsequent declaration in *Oldcastle*, and that therefore the declaration did not create a genuine issue of material fact.

VIII.

The claims of the '967 patent are directed to a partially raised deck having a plurality of pier blocks, some of which support vertical posts and some of which support horizontal deck surface members. More than one year prior to the effective filing date of the '967 patent, Mr. Hoffman published a document disclosing a horizontal deck having every element in claims 1-3 except the placement of at least one vertical post in a pier block. It is undisputed that the only difference between the claimed invention and the prior art deck plans is the use of at least one vertical post. The parties agree that the scope and content of the prior art includes the deck plans and that one of ordinary skill in the pertinent art has several years experience building decks.

Under 35 U.S.C. § 103, "[a] patent may not be obtained . . . if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the

time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." The presumption of validity under 35 U.S.C. § 282 includes a presumption of non-obviousness. *See Perkin-Elmer*, 732 F.2d at 894, 221 USPQ at 674.

The issue of obviousness is a mixed question of fact and law: the ultimate question is one of law, but it is based on factual inquiries such as differences between the prior art and the claims at issue, the scope and content of the prior art, the level of ordinary skill in the pertinent art, and objective evidence of secondary considerations of patentability. *See Graham v. John Deere Co.*, 383 U.S. 1, 17 (1965); *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 1568, 1 USPQ2d 1593, 1597 (Fed. Cir. 1987). Where, as here, there are no disputes over the relevant facts, summary judgment is appropriate.[6]

The parties agree that the claims of the '967 patent are limited to the type of deck construction generally shown in Figure 17 of the '967 patent. The following figures show the prior art deck plan and the deck depicted in Figure 17.

---

[6] Brand asserts that secondary considerations like commercial success raise a genuine issue of material fact. This argument is addressed *infra*.

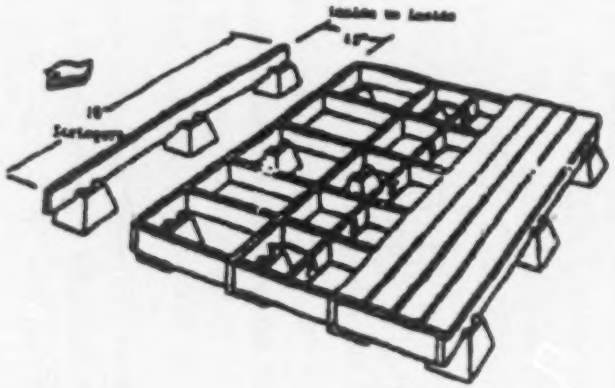

Figure 3. Prior Art Deck Plan.

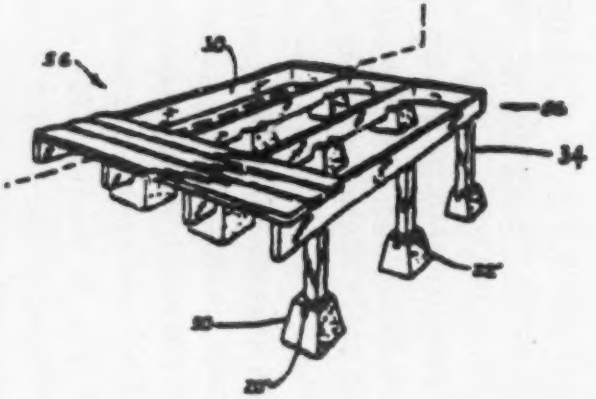

Figure 4. Figure 17 of the '967 Patent.

As pointed out by the district court, the concrete pier blocks in the prior art deck plan have 4x4 post holes on their tops which would allow for the placement of vertical posts. Indeed, the holes are specifically dimensioned to receive such vertical posts. The district court concluded that one of ordinary skill in the art would have been motivated to use vertical posts in the prior art deck because (1) the post holes in the concrete pier blocks shown with that deck suggest such a use and (2) the skilled artisan, having several years of experience building decks, would have known that vertical posts are typically necessary in the construction of decks because if a deck is constructed on uneven ground without vertical posts, then the deck will be uneven. The district court was particularly convinced by the second reason because Mr. Hoffman himself admitted in writing that usually at least one vertical post is required in a deck construction because "no backyard is uniformly even." In its motion for summary judgment, Menard presented additional evidence supporting the district court's conclusion. Menard's technical expert, Dr. Obermeyer, testified that the skilled artisan would have been motivated to use a vertical post because the concrete pier blocks cannot act as load-bearing supports as intended unless some vertical support is added.

Brand and Hoffman contend that the district court erred in finding that Menard presented clear and convincing evidence of invalidity. In making this argument, they refer to the same evidence they presented in opposing the motion for summary judgment – general

allegations of commercial success and the deposition testimony of Dr. Oddi, their legal expert.[7]

Dr. Oddi's sole basis for concluding that the claimed invention would not have been obvious to one skilled in deck building was that the patent examiner had determined that the claim was allowable over the prior art and that patents carry a presumption of validity under 35 U.S.C. § 282. However, Dr. Oddi ignored the fact that, when making his patentability determination, the examiner was not aware that the prior art deck plans were prior art. Without a thorough analysis of the file wrapper, we can only speculate as to why the examiner allowed the patent claims.[8] Under Fed. R. Civ. P. 56(e), a declaration filed in support of, or in opposition to, a summary judgment motion must be based upon the personal knowledge of the affiant; assumptions and belief are insufficient. *See, e.g., Camfield Tires*, 719 F.2d at 1367. In this case, Dr. Oddi assumed that the examiner had determined that a flat deck having concrete pier blocks was in the prior art and that the partially raised deck in claim 17 was allowable over such prior art flat decks. Such facts were not within Dr. Oddi's personal knowledge.

Fed. R. Civ. P. 56(c) requires Brand and Hoffman to "designate specific facts showing that there is a genuine issue for trial." *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-24 (1986). Expert affidavits or deposition testimony

---

[7] During his deposition, Dr. Oddi admitted that he was not a technical expert, and, as such, was not one of ordinary skill in the pertinent art.

[8] The prosecution history of the '967 patent is not in the record on appeal.

must be based on specific facts and cannot involve mere speculation or conclusory allegations. Careful review of Dr. Oddi's deposition testimony, submitted in opposition to the motion for summary judgment, reveals it to be devoid of such specific facts. Dr. Oddi merely stated conclusions.

Turning to the commercial success argument, we note that the district court determined that the allegations of secondary considerations were insufficient to raise a genuine issue of material fact. *See Brand Management v. Menard, Inc.*, No. 94-623, slip op. at 15 n. 5 (D. Minn. Apr. 7, 1997). We agree. To establish commercial success, the patentee must be armed with evidence of market share, growth in market share, and replacement of prior sales by others. *See, e.g., Kansas Jack, Inc. v. Kuhn*, 719 F.2d 1144, 1150, 219 USPQ 857, 861 (Fed. Cir. 1983). In addition, the patentee must demonstrate a nexus between the claimed sales and the merits of the invention. *Id.* The general allegations of commercial success advanced by Brand and Hoffman do not satisfy either of these requirements. Accordingly, there being no genuine issue of material fact, summary judgment was appropriate.

IX.

In sum, the district court properly determined that there was no likelihood of confusion stemming from Menard's use of Pro Shop and Brand's trademark and trade dress because the goods sold by Menard were genuine. In addition, the court properly interpreted the claims of the '642 patent to preclude literal infringement and properly determined that there could be no infringement

under the doctrine of equivalents. Finally, the district court properly determined that the '967 patent was invalid under 35 U.S.C. §§ 102 and 103. For these reasons, we affirm.

Each party shall bear its own costs.

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA
FOURTH DIVISION

Brand Management, Inc.; Pro Shop Plans Company, Inc. d/b/a Pro Shop Company; and Paul Hoffman,

Plaintiffs,

v.

Menard, Inc.,

Defendant.

Civil No. 4-94-623

ORDER

Brian B. O'Neill, Esq., Brian Melendez, Esq. and Faegre & Benson, 2200 Norwest Center, 90 South Seventh Street, Minneapolis, MN 55402-3901; Raymond A. Charpentier, Esq., Casey, Charpentier & Lange, 108 South Sixth Street, P.O. Box 341, Brainerd, MN 56401; Janice M. Lawhead, Esq. and Lawhead Law Office, 4632 30th Avenue South, Minneapolis, MN 55406; Daniel R. Haugen, Brand Management, Inc., 623 Lilac Drive, Suite B, Golden Valley, MN 55427, counsel for plaintiffs.

Jeffrey N. Costakos, Esq. and Foley & Lardner, First Wisconsin Center, 777 East Wisconsin Avenue, Milwaukee, WI 53202; David T. Coriden, Menard, Inc., Corporate Legal Staff, 4777 Menard Drive, Eau Claire, WI 54703; Nickolas E. Westman, Esq., Joseph R. Kelley, Esq., and Westman, Champlin & Kelly, 1600 International Center, 900 Second Avenue South, Minneapolis, MN 55402, counsel for defendants.

This matter is before the court on defendant's motion for summary judgment pursuant to Rule 56(c) of the Federal Rules of Civil Procedure. Based on a review of the file, record and proceedings herein, and for the reasons stated below, the defendant's motion is granted.

BACKGROUND

Plaintiff Brand Management, Inc. ("Brand Management") is an Iowa corporation with its principal place of business located in Minneapolis, Minnesota. Plaintiff Pro Shop Plans Co., Inc. d/b/a Pro Shop Company ("Pro Shop") is an Oregon corporation with its principal place of business located in Alvadore, Oregon. Plaintiff Paul Hoffman ("Hoffman") is citizen of the State of Oregon and the president of Pro Shop. Defendant Menard, Inc. ("Menards") is a Wisconsin corporation with its principal place of business located in Eau Claire, Wisconsin. Subject matter jurisdiction is based on the Patent and Trademark laws of the United States, the Declaratory Judgment Act and 28 U.S.C. § 1367(a).

Plaintiffs commenced this action on July 22, 1994, alleging that Menards: (1) infringed U.S. Patent No. 4,724,642 ("the '642 patent"); (2) infringed U.S. Patent No. 5,163,967 ("the '967 patent"); (3) infringed the plaintiffs' alleged trademark rights in the mark "Dek-Block"; and (4) infringed the plaintiffs' alleged trade dress rights in the shape of their concrete block product. Docket No. 48; Second Am. Compl. at ¶¶ 8-42. Menards moves for summary judgment on all claims.

DISCUSSION

The court applies the same summary judgment standard to motions involving patent claims as it does to motions involving other types of claims. *Avia Group Int'l, Inc. v. L.A. Gear California, Inc.*, 853 F.2d 1557, 1561 (Fed. Cir. 1988). The court should grant summary judgment "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). There is no genuine issue for trial unless there is sufficient evidence favoring the nonmoving party for a jury to return a verdict for that party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249 (1986).

On a motion for summary judgment, the court views the evidence in favor of the nonmoving party and gives that party the benefit of all justifiable inferences that can be drawn in its favor. *Id.* at 250. The nonmoving party, however, cannot rest upon mere denials or allegations in the pleadings. Nor may the nonmoving party simply argue facts supporting its claim may be developed later or at trial. Rather, the nonmoving party must set forth specific facts, by affidavit or otherwise, sufficient to raise a genuine issue of fact for trial. *Celotex Corp. v. Catrett*, 477 U.S. 317, 324 (1986). "Where the record as a whole could not lead a rational trier of fact to find for the nonmoving party," there is no genuine issue for trial. *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986).

If reasonable minds could differ as to the import of the evidence, summary judgment should not be granted. *Anderson*, 477 U.S. at 250-51. If the nonmoving party fails to support an essential element of a claim, however, summary judgment must issue because a complete failure of proof regarding an essential element renders all other facts immaterial. *Celotex Corp.*, 477 U.S. at 322-23.

Trademark Infringement: Counts II, IV, V and VI

The following facts are undisputed. Menards began purchasing Dek Blocks from Irving Budlong ("Budlong") in 1989.[1] In late 1991, Budlong sold the assets of his company, Dek Block Systems, to Dek Brands, Inc. ("Dek Brands"). Dek Brands was a company which had been formed by John Derner ("Derner") to market Dek Blocks nationally.[2] Dek Blocks are large concrete blocks with recesses on their tops. They can be used in a variety construction applications including the construction of decks.

Budlong worked for Dek Brands from the time of its formation through October 1992. During the time he was employed by Dek Brands, Dek Brands made and sold Dek Blocks with the knowledge and consent of Budlong, Hoffman and Pro Shop.[3] When Budlong ended his

---

[1] Currently, Budlong is the owner and sole officer of Brand Management.

[2] Currently, Derner is the owner and sole officer of Dek Brands, Inc. and Shell Rock Products, Inc.

[3] Hoffman and Pro Shop Claim to be the owners of the '642 patent.

business relationship with Dek Brands and Derner, Derner had approximately 80,000 Dek Blocks left in inventory. These remaining Dek Blocks were identical to the Dek Blocks which Dek Brands had sold to Menards earlier in 1992. Indeed, Budlong offered to buy the 80,000 blocks from Derner in order to resell them as Dek Blocks to his customers.

In 1994, Derner offered to sell to Menards the Dek Blocks remaining in his inventory. Menards accepted his offer and took delivery of approximately 80,000 Dek Blocks. Menards sold these blocks as either "Dek Blocks," "deck blocks" or "post support blocks."

Plaintiffs claim that Menards' sale of the concrete blocks it obtained form Derner infringed on their registered "Dek Block" trademark and trade dress. Menards responds that its sales could not have infringed because the concrete blocks which were sold were genuine "Dek Blocks."

Liability under the Lanham Act is predicated on the use of a trademark in a manner that is likely to cause confusion. *Matrix Essentials, Inc. v. Emporium Drug Mart, Inc.*, 988 F.2d 587, 590 (5th Cir. 1993). No likelihood of confusion can arise from the sale of genuine goods, even if the sale is unauthorized. *Id.* at 590-93; *McCoy v. Mitsuboshi Cutlery, Inc.*, 67 F.3d 917, 923-24 (Fed. Cir. 1995), *cert. denied* 116 S. Ct. 1268 (1996). "It is a tautology that a consumer purchasing genuine goods receives exactly what the consumer expects to receive: genuine goods. The consumer is not confused about the source or quality of the product." *McCoy*, 37 F.3d at 923-24.

Here, the Dek Blocks sold by Menards were genuine. They were the same blocks that the plaintiffs would have resold as Dek Blocks if Derner had sold them to Budlong. Because the Dek Blocks sold by Menards were genuine, the consuming public could not have been confused about either the blocks' source or quality.

Plaintiffs assert that they did not authorize Menards to sell the 80,000 Dek Blocks. Their consent, or lack thereof, is immaterial because the Dek Blocks sold by Menards were genuine. *Matrix*, 988 F.2d at 590. Menards did not commit trademark or trade dress infringement by reselling the Dek Blocks it had purchased form Derner. Accordingly, Counts II, IV, V and VI fail as a matter of law.

The '967 Patent: Count I

Patents are presumed valid under 35 U.S.C. § 282. However, a patent is invalid and unenforceable if it can be shown by clear and convincing evidence that the claimed invention was "described in a printed publication . . . or on sale in this country . . . more than one year prior to the date of the application for patent in the United States." 35 U.S.C. § 102(b); *see also RCA Corp. v. Data General Corp.*, 887 F.2d 1056, 1059 (Fed. Cir. 1989).

The patent application which matured into the '967 patent was filed on September 28, 1987. The '967 patent describes the construction of a deck that includes a deck surface, support members and concrete block bases. The tops of the concrete blocks have recesses into which the deck support members fit. The concrete blocks are depicted in Figure 13 of the '967 patent. The '967 patent

claims a deck; it does not claim the concrete blocks. Indeed, the '967 patent claims only a specific type of deck which is constructed on uneven ground and is shown in Figure 17 of the '967 patent. *See* Docket No. 79; Jeffery N. Costakos Decl. Ex. R; 3/12/93 Paul Hoffman Letter at 005515 (hereinafter "Costakos Decl.").

Hoffman was a plaintiff in earlier action involving the '967 patent which was filed in the Northern District of Texas. At his deposition in that case, Hoffman testified that beginning in April 1986, he sold Dek Blocks through his retail lumber store Serve 'n' Save. He testified as follows:[4]

Q: You began selling Dek-Blocks in April 1986?

A: Yes.

Q: The Dek-Blocks you began selling in April of 1986 were single-slot Dek-Blocks?

A: 2-way Deck-Blocks.

Q: The Deck-Blocks you began selling in April of 1986 were the type of Dek-Blocks shown in Figure 13 of the '967 patent?

A: Yes.

Q: Now, beginning in April of 1986 you sold Deck Blocks for use in decks of the type shown in Figure 17 of the '967 patent?

A: Yes.

---

[4] This testimony was taken from the transcript of Hoffman's deposition on February 28, 1995, in the case of *Brand Management, et al. v. Mccoy Corp.*, Case No. 394CV-1351R (N. D. Texas) (*"McCoy"*).

Costakos Dec. Ex. L; Paul Hoffman Dep. Vol. II at 26-27, Vol. I at 58-60.

Hoffman further testified that in April 1986, he created "precursor" deck construction plans and distributed these plans to his customers. Those plans provided instructions on how to use Dek Blocks to build the partially-raised deck illustrated in Figure 17 of the '967 patent. Hoffman testified:

> Q: Okay. I am referring to Exhibit 1. The precursor literature that you described, did it show how to make a deck similar to the deck shown in Figure 16 of the 967 patent?
>
> A: Yes.
>
> Q: Did it show how to make a deck similar to Figure 17 of the '967 Patent?
>
> A: Yes.
>
> Q: Did it show how to make what you would call a fully raised deck?
>
> A: Yes.
>
> Q: Figure 17 inherently includes a fully raised deck.
>
> . . .
>
> Q: Okay. So what you are saying is that your drawings might not have shown a completed fully-raised deck, but they showed how to make a deck like in Figure 17, that would be sufficient for consumers to be able to make a fully-raised deck?
>
> A: Yes.

Costakos Decl. Ex. L; Hoffman Dep. Vol. I at 60-61. Hoffman further testified that the "precursor" plans were distributed from April 1986 through August 1986, more than sixteen months before the filing date of the '967 patent application. *Id.* at 70.

Based upon Hoffman's deposition testimony in the *McCoy* case Menards argues that the '967 patent is invalid under the statutory "on sale" and "printed publication" bars of 35 U.S.C. § 102(b). Menards asserts that Hoffman's testimony demonstrates that Deck Blocks were sold for use in the '967 patent's patented deck construction more than one year before the application was filed, and that plans which enabled one of skill in the art to build partially raised deck (the type of deck claimed in the '967 patent) were distributed one year prior to the September 28, 1987. Menards argues that it has shown by clear and convincing evidence that the "on sale" and "printed publication" statutory bars operate to make the '967 patent void. Thus, the '967 patent should be declared invalid under § 102(b).

Plaintiffs do not take issue with the legal conclusion that the '967 patent is invalid under § 102(b) if Hoffman sold Deck Blocks and distributed the "precursor" deck plans more than one year prior to September 28, 19987. [sic] However, plaintiffs claim that there is a genuine issue of material fact concerning whether the claimed invention was commercialized more than one year before the '967 patent application was filed. Plaintiffs base their argument upon evidence in this case and materials submitted in other actions.

Plaintiffs claim that at Hoffman's most recent deposition, which was taken in this case on November 28, 1995, Hoffman testified that "he did not sell blocks or plans more than one year prior to the filing of the '967 patent application." Docket No. 80; Pl.'s Mem. in Opp'n to Def.'s Mot. for Summ. J. at 24. Nothing in the record substantiates this assertion. At best, Hoffman testified that he could not remember when he first sold a four-way Dek Block. Docket No. 87; Brian Melendez Decl., 12/28/95 Hoffman Dep. at 76. Hoffman's November 1995 deposition in this action does not create a genuine issue of fact.

Six weeks after Hoffman testified unequivocally on February 28, 1995, in the *McCoy* case, he claimed he was mistaken. In his errata sheet for the *McCoy* deposition, and in a declaration prepared on April 13, 1995 in opposition to a motion for summary judgment in an action pending in the Eastern District of Virginia, Hoffman claimed that he misunderstood certain questions, was confused and remembers some key facts differently. Costakos Decl. Exs. M and N at ¶¶ 13-15, 21-30. Plaintiffs do not dispute that there are discrepancies between Hoffman's deposition testimony in the *McCoy* case and his subsequent declaration. However, they believe that the explanation offered by Hoffman for the inconsistencies between his deposition testimony and his subsequent declaration is sufficient to raise a genuine issue of fact, thereby precluding summary judgment.

The court is mindful of its obligation to credit all of the evidence that favors the nonmovant. However, Hoffman's declaration contradicts his prior deposition testimony. It is well-settled that a party may not stave off summary judgment by merely contradicting one's earlier

sworn testimony where there is no indication that the damaging testimony was the result of confusion or mistake. *Anderson v. F.J. Little Machine Co.*, 68 F.3d 1113, 1115 (8th Cir. 1995) (citing *Camfield Tires, Inc. v. Michelin Tire Corp.*, 719 F.2d 1361, 1363-66 (8th Cir. 1983)). Moreover, the court has no duty "to prune a witness's testimony so as to create a triable issue when the witness flatly contradicts himself[.]" *Prosser v. Ross*, 70 F.3d 1005, 1009 (8th Cir. 1995).

In his April 1995 declaration, Hoffman does attempt to explain aspects of his February 1995 deposition testimony. However, the deposition transcript does not reflect any confusion on Hoffman's part that may require explanation. When defense counsel in the *McCoy* case asked questions concerning the commercialization of the '967 patent, he referred Hoffman to specific illustrations in '967 patent. Counsel's questions were also clear and unambiguous. Hoffman was represented by counsel during his deposition. Neither Hoffman nor his attorney asked that any of the questions concerning the commercialization of the '967 patent be clarified, indicated that Hoffman was confused by the defense attorney's questions, stated that any of the questions were misunderstood, or indicated that Hoffman's recollection of the relevant subject matter was muddled. Rather, Hoffman responded to each of defense counsel's questions clearly, unequivocally and without hesitation.

The circumstances of this case do not suggest a legitimate reason for Hoffman's filing of the inconsistent declaration. Given that Hoffman exhibited no confusion or

mistaken recollection during his deposition, his assertions in his declaration that he was confused are implausible. Moreover, his declaration directly contradicts his prior sworn deposition testimony on a dispositive issue. No independent record evidence supports or corroborates the self-serving and self-contradicting assertions in his April 1995 declaration.

Upon a careful review of the record, the court finds that Hoffman's declaration does not create a genuine issue of fact for trial. Menards has shown by clear and convincing evidence that the '967 patent was on sale and described in a printed publication more than on [sic] year before the application filing date. The court concludes that the '967 is therefore invalid under § 102(b).

Plaintiffs do not dispute that in April 1986, Hoffman was both selling Dek Blocks and distributing plans which showed how to use Dek Blocks to make a flat deck. *See* Costakos Decl. Ex. Q. Based on this admission, Menards further argues that, even assuming Hoffman's assertions in his April 1995 declaration are accurate, the partially-raised deck claimed in '967 patent is invalid because it is an obvious variant of the flat deck depicted in the plans distributed by Hoffman.

A second bar to validity and enforceability of a patent is found in 35 U.S.C. § 103. That statute provides in relevant part:

> . . . [i]f the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art

> to which subject matter pertains . . . a patent may not be obtained.

35 U.S.C. § 103. Obviousness is legal conclusion involving factual inquiries. In making this determination under § 103:

> [T]he scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of skill in the pertinent art resolved. Against this background, the obviousness of nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unresolved needs, failure of other, etc., might be utilized to give light to the circumstances surrounding the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries may have relevancy.

Graham v. John Deere Co., 383 U.S. 1, 17-18 (1965).

It is undisputed that the scope and content of the relevant prior art includes the 1986 flat deck plans distributed by Hoffman as well as other publications depicting the use of vertical posts to make decks. The differences between the deck claimed in the '967 patent and the prior art are minimal. The parties also agree that one skilled in the art has several years of experience building decks. There is no evidence of any secondary considerations.[5]

---

[5] Plaintiffs baldly assert that scope and content of the prior art is disputed, and there is evidence of secondary considerations showing that the '967 patent is not obvious. There is no evidence in the record supporting these claims.

The flat deck shown in the 1986 plans and the deck claimed in the '967 patent are virtually identical. Both are decks. Both use Dek Blocks as a load-bearing support, and both use horizontal 2 x 4's which are placed in the slots of the Deck Blocks. There is one difference between the decks, however. The partially raised deck claimed in the '967 patent requires the placement of at least one vertical post in a support block; the 1986 flat deck plans do not explicitly show the use of a vertical post. Thus, the 1986 plans show every element of the claimed invention except for vertical posts which are depicted in Figure 17 of the '967 patent.

The support blocks shown in the 1986 flat deck plans have sockets on their tops which would allow for the placement of vertical post. The socket dimensions are specifically designed to receive 4 x 4 posts. Therefore, the 1986 plan suggests the construction of a deck using vertical posts as claimed in the '967 patent.

Based upon the 1986 plans, the use of vertical posts would have been obvious to one of ordinary skill in the art for at least two reasons. First, the 1986 plans suggest such a use. Second, vertical posts are necessary to construct most decks. The 1986 plans show a 10 x 40' foot [sic] deck. An area that size would not be level. To build a 10 x 40' deck that was level would require the placement of at least one vertical post. Docket No. 78; Thomas L. Obermeyer Decl. ¶¶ 5-9.

Unsubstantiated allegations such as these are insufficient to create a genuine issue of fact. *See Celotex Corp.*, 477 U.S. at 323-24.

Perhaps the strongest evidence of the obviousness of the '967 patent are statements made by Hoffman. In response to plaintiffs infringement allegations in yet another action, the accused infringer claimed that it was not infringing because many of its customers built flat decks. Hoffman responded that one could not build a flat deck because "no backyard is uniformly even." Costakos Decl. Ex. R. at PL 005522. If at least one vertical post is required to build a deck because no backyard is uniformly level, then it would be obvious to one of ordinary skill in the art to use such a post when constructing a deck using the 1986 plans in order to make the deck level. *See id.* Indeed, Hoffman has previously dismissed the argument plaintiffs now advocate – that it would not have been obvious to build a partially raised deck with vertical posts using Dek Blocks and his 1986 plans:

> the only deck that can be built with the block of our invention is the deck of our invention. . . . In my opinion, the theory that our block can be used to support *only* a horizontal member or *only* a vertical member (and thus be a staple article) holds no water at all. If our specific component is used in this manner it is not being used for the purpose for which it is *obviously* intended. That is, if there is only a horizontal member in the recess why does the recess include the post pocket portion? If you don't use it, you don't need it. . . .

Id. at PL 005517 (emphasis added).

The court also concludes that Menards has shown by clear and convincing evidence that the '967 patent is invalid because it was obvious at the time the application was filed.

The '642 Patent: Count III

The plaintiffs claim that the "four-way" concrete blocks Menards sells infringe the '642 patent. Menards denies that the four-way blocks it sells infringe the '642 patent either literally or under the doctrine of equivalents, and contends that the '642 patent claims only a "four-way connector." Plaintiffs concede that the '642 patent does not explicitly show or describe the four-way blocks sold by Menards. Nonetheless, plaintiffs assert that claim 1 of the '642 patent covers four-way blocks as well as four-way connectors.

The patent holder has the burden of proving infringement. *Smithkline Diagnostics, Inc. v. Helena Labs. Corp.*, 859 F.2d 878, 889 (Fed. Cir. 1988). A patent infringement analysis involves two steps. First, a claim must be construed to establish its meaning and scope; second, it must be determined whether the accused device is within the scope of a properly interpreted claim. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 976 (Fed. Cir. 1995) (en banc), *aff'd* 116 S. Ct. 1384 (1996). The first step, claim construction, is a question of law; the second step is a question of fact. *Markman v. Westview Instruments, Inc.*, 116 S. Ct. 1384, 1393 (1996). To literally infringe, the accused device must include every claim limitation of the claim. *Dolly, Inc. v. Spalding & Evenflow Cos., Inc.*, 16 F.3d 394, 397 (Fed. Cir. 1994). If one claim limitation is missing, there is no infringement as a matter of law. *London v. Carson Pirie Scott & Co.*, 946 F.2d 1534, 1539 (Fed. Cir. 1991). Even if the accused device does not literally infringe, there may still be infringement under the doctrine of equivalents if insubstantial differences exist

between it and the claimed invention. *Athletic Alternatives, Inc. v. Prince Mfg., Inc.*, 73 F.3d 1573, 1581 (Fed. Cir. 1996).

It is well-settled that in interpreting a claim, the court should look initially to the intrinsic record evidence from three sources: the claims, the specification, and the prosecution history. *Markman*, 52 F.3d at 979. First, the court looks to the claims themselves to defined [sic] the scope of the patented device. *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1583 (Fed. Cir. 1996). Claims speak to one of ordinary skill in the art. *Electro Medical Sys., S.A. v. Cooper Life Sciences, Inc.*, 34 F.3d 1048, 1054 (Fed. Cir. 1994) (citation omitted). Words in a claim are generally given their ordinary and customary meaning. *Nike, Inc. v. Wolverine World Wide, Inc.*, 43 F.3d 644, 646 (Fed. Cir. 1994). A dictionary may be consulted to establish the ordinary meaning of a disputed term. *Hoganas AB v. Dresser Indus., Inc.*, 9 F.3d 948, 951 & n.8 (Fed. Cir. 1993); *see also Markman*, 52 F.3d at 981.

When the meaning of words in a claim are disputed, however, the specification and prosecution history can provide relevant information about the meaning and scope of a claim. Thus, the court may review the specification to determine whether the inventor has used any terms in the claims in a manner inconsistent with their ordinary meaning. *Id.* The specification contains a written description of the invention that must be clear enough to enable one of ordinary skill in the art to make and use the invention. A patentee may choose to be his or her own lexicographer and use terms in a manner other than in accordance with their ordinary meaning, as long as the special definition of that term is clearly defined in the

patent specification or file history. *Vitronics*, 90 F.3d at 1582. Thus, the specification acts as a dictionary when it expressly defines words used in a claim or when it defines words by implication. *Markman*, 52 F.3d at 979; *see also Vitronics*, 90 F.3d at 1582 ("[T]he specification is highly relevant to the claim construction analysis. Usually it is dispositive; it is the single best guide to the meaning of a disputed term.").

Lastly, the court may also consider the patent's prosecution history, if it is in evidence. *Vitronics*, 90 F.3d at 1582. In most cases, analysis of the intrinsic evidence alone will resolve an ambiguity in a disputed claim term. Where the public record unambiguously describes the scope of the patented invention, reliance on extrinsic evidence is improper. *Id.* at 1583.

Claim 1 of the '642 patent reads as follows:

> A construction device for anchoring or connecting construction elements to a base comprising:
>
> (a) a body member having upper and lower ends and defining sides;
>
> (b) said lower end serving as a support of the member on a base;
>
> (c) and recess means in the upper end of said body member forming an anchor seat for a construction element;
>
> (d) said recess means comprising a pair of recesses extending at right angles to each other and fully from respective sides of said body member to the other whereby one or more construction elements can be laid therein in edge relation;

(e) said recess means also including a rectangular socket disposed in the central portion of said body member and arranged to receive the bottom end of an upright construction element in support engagement;

(f) said defining sides comprising a plurality of connected wall portions leading in a zig zag pattern forming said full width recesses and said rectangular central socket.

Costakos Decl. Ex. F; '642 patent, col. 4 at lines 26-47.[6] The only dispute between the parties is whether Menards' four-way block has "defining sides" which have a "plurality of connected wall portions leading to a zig zag pattern forming said full width recesses and said rectangular sockets," claimed in element (f). Menards argues that the '642 patent only claims a four-way connector of the type shown in Figures 1-12 of the '642 patent. Plaintiffs assert that the '642 patent also claims the four-way concrete block sold by Menards.

Literal Infringement

Claim 1 claims a "construction device" for anchoring or connecting construction elements to "a base." Clearly, by distinguishing between the device and the base the inventor is claiming a device and not any type of base. The inventor also distinguished between the base and the construction device in other claims and the specification.

---

[6] The paragraph letters have been added by the court for ease of reference to the six limitations or "elements" that comprise claim 1.

Costakos Decl. Ex. F; '642 Patent, col. 4 at lines 48-62, col. 2 at lines 33 and 40. Thus, at first blush, it appears that plaintiffs' argument that the '642 patent claims a four-way concrete block, or indeed any type of base or pier block, is incorrect.

Plaintiffs argue that the term "sides" is not limited to the external surfaces of the claimed invention. Docket No. 80; Pl.'s Mem. in Opp'n to Def.'s Mot. for Summ. J at 17. Rather, the zig zag pattern in element (f) describes *either* the internal and external geometry of the claimed invention. Interpreted in this manner, the '642 covers both a four-way connector device with zig zag external walls, and a four-way concrete blocks with zig zag internal walls. The plain language of claim 1 does not support plaintiffs' interpretation, however.

The court's initial task is determining the scope of the term "sides." The "sides" of the invention described in element (a) are not limited to the invention's internal surface. This is evident from the inventor's choice of words. Claim 1 provides that the "sides" of the construction device are made up of "a plurality of wall portions leading to a zig zag pattern." The ordinary meaning of the singular noun "side" is: "2. a surface of an object;" or "4. either of two surfaces of a flat object." The American Heritage Dictionary (2d College Ed. 1985) 1137. The inventor used the plural sides and not the singular side, however. Thus, the plain meaning of the term "sides" refers to *both* the external and internal surfaces of the claimed invention.

Moreover, because the "connected wall portions" zig zag, *both* the internal and external surfaces of the "sides"

must necessarily zig zag. The ordinary meaning of "wall" is: "1. An upright structure . . . to enclose, divide or protect an area, esp. a vertical construction forming an inner partition or exterior siding of a building." *Id.* at 1361. It is commonly understood that a wall has two sides. Here, the "connected wall portions" zig zag. The "sides" are comprised of "connected wall portions." Thus, the "sides" must zig zag.

Of course, both sides of a given wall need not be the same. One side may be flat, and the other may not. However, the other claims, and the specification, support the conclusions that: (1) the '642 patent claims a four-way connector not a four-way block; and (2) the "walls" are flat symmetrical panels and not shaped irregularly. For example, claim 2 recites:

> The construction device of claim 1 wherein said zig zag pattern is formed by integrated right angle *inner and outer panels*. . . .

Costakos Decl. Ex. F '642 Patent, col. 4 at lines 48-50 (emphasis added). Inasmuch as the sides are comprised of inner and outer panels that zig zag, and the "sides" define the invention, what is claimed in claim 1 is a four-way connector not a four-way block.

In addition, the specification contains a single reference to a "zig zag" pattern. Referring to figures 1-8, the specification describes a device which could be "molded, stamped or otherwise formed from a tough plastic or metal." Costakos Decl. Ex. F; '642 Patent, col. 2 lines 40-42. Referring to a four-way connector in Figures 1-8, the specification provides:

> [T]he device 14 includes a *flat bottom wall* 16 and *four identically shaped and symmetrical upright quarter sections 18. Each of the sections 18 comprises four zig zag panels 18a* joined integrally at right angles. These symmetrical quarter sections are shaped to form a recess or opening 20 on each side,
>
> . . .
>
> [A] construction device 14 having a bottom wall 16 and side walls 18. . . .

Costakos Decl. Ex. F; '642 Patent, col. 2 at lines 40-48, col. 3 at line 14 (emphasis added).

It is clear from the claims and the specification that the inventor did not define "sides" or "walls" different from their ordinary meaning, and that both the internal and external surfaces of the walls zig zag. The "sides" define the invention. The "defining sides" are comprised of flat walls that zig zag. Thus, both the internal and external surface of the "sides" must necessarily zig zag. Only a connector could be stamped into a shape such that the internal and external surfaces zig zag. So construed, the '642 patent does not cover a four-way concrete block.

If the '642 patent is read to cover a four-way block which has internal surfaces the zig zag but external surfaces that do not, as plaintiffs contend, then element (f) becomes mere surplusage. The internal configuration of the invention is sufficiently defined by elements (a) through (e). Elements (d) and (e) specifically refer to a pair of perpendicular recesses and a rectangular socket, respectively. If the claimed invention covers only a connector, as Menards contends, then element (f) refers to the zig zag pattern of the device's external walls. Under the

plaintiffs interpretation, limitation (f) adds nothing to the recess and socket limitations of elements (d) and (e). Such an interpretation, which would render claim language superfluous, is contrary to well settled law and must be rejected. *See Unique Concepts, Inc. v. Brown*, 939 F.2d 1558, 1562 (Fed. Cir. 1991).

Lastly, the prosecution history supports Menards interpretation of the '642 patent. When the '642 patent application was filed it contained 15 claims. Original claim 1 corresponds to elements (a) through (c) of claim 1 in the '642 patent. Original claim 6 corresponds to elements (d) and (e) of claim 1 in the '642 patent. Original claim 7 corresponds to element (f) of claim 1 of the '642 patent. Costakos Decl. Ex. H.

The patent examiner evaluated the application and determined that original claims 1 through 6, among others, were not patentable because they were obvious in light of certain prior art.[7] *Id.* at PL 008362-008364. Thus, the examiner found that a device having perpendicular recesses and a central rectangular socket, as recited in original claim 6 and in elements (d) and (e) of final claim

---

[7] Of the original 15 claims, the patent examiner rejected claims 1 through 6 and 9 through 15. Claims 7 and 8 were objected to as being dependant on a rejected claim. In an amended filing by Hoffman, claims 1 through 8 and 11 through 15 were canceled, claims 9 and 10 were retained and claims 16 and 17 were added. Added claim 16 corresponded to original claim 7, and added claim 17 corresponded to original claim 8. In the '642 patent: final claim 1 corresponds to added claim 16; final claim 2 corresponds to added claim 17; final claim 3 corresponds to original claim 8; and final claim 4 corresponds to original claim 10.

1, was not patentable. However, the examiner concluded that original claim 7 would be allowable if it were rewritten in independent form. *Id.* at 008364. In other words, it was determined that original claim 6 would be patentable with the addition of defining sides that lead in a zig zag pattern. By rejecting original claim 6 but allowing original claim 7, the patent examiner concluded that a four-way block was not patentable, but a four-way connector was.

Hoffman, the inventor, apparently shared this opinion. In response to the examiner's determination, Hoffman amended his claims to incorporate the limitations of original claims 6 and 7. He also alerted the examiner to some prior art which he asserted did not anticipate "the embodiment if Figures 1 through 12 to which the claims are now directed." *Id.* at 008366. Figures 1 through 12 in the '642 patent application depict a four-way connector, not a four-way block. Evidently, Hoffman believed a four-way connector was the invention he was claiming.

During the prosecution of the '642 patent, both the examiner and inventor believed the subject matter final claim 1 encompassed was limited to a four-way connector. It would be inappropriate to construe the scope claim 1 more broadly in this action. *See Genentech, Inc. v. The Wellcome Foundation Ltd.*, 29 F.3d 1555, 1564 (Fed. Cir. 1994); *North American Vaccine, Inc. v. American Cyanamid Co.*, 7 F.3d 1571, 1577 (Fed. Cir. 1993). This is particularity true here, because the Patent and Trademark Office has rejected as unpatentable claims which explicitly cover a four-way block. Costakos Decl. Ex. I.

The court concludes that claim 1 of '642 patent covers a four-way connector. Menards' four-way block does not include limitation (f) of claim 1. Accordingly, Menards' block does not literally infringe the '642 patent.

Doctrine of Equivalents

Under the circumstances of this case, plaintiffs cannot rely on the doctrine of equivalents to show Menards' four-way blocks infringe the '642 patent. The doctrine of equivalents is not meant to erase "meaningful limitations of the claim on which the public is entitled to rely in avoiding infringement." *Perkin-Elmer Corp. v. Westinghouse Elec. Co.*, 822 F.2d 1528, 1532 (Fed. Cir. 1987). By arguing that the '642 patent covers four-way blocks, plaintiffs are impermissibly attempting to obtain in court "a scope of protection which encompasses subject matter deliberately removed from examination by the PTO during prosecution through narrow claiming." *Genentech*, 29 F.3d at 1568 n.41. Plaintiffs cannot now argue for an interpretation inconsistent with this earlier representation. *Southwall Techs., Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1576 (Fed. Cir.), *cert. denied*, 116 S. Ct. 515 (1995); *Zenith Lab, Inc. v. Bristol-Meyers Squibb Co.*, 19 F.3d 1418, 1424 (Fed. Cir. 1994) (discussing prosecution history estoppel); *Ekchian v. Home Depot, Inc.*, 104 F.3d 1299, 1304 (Fed. Cir. 1997) (by distinguishing claimed invention over prior art applicant surrenders coverage). Menards' four-way blocks do not infringe under the doctrine of equivalents.

Implied License

Menards also argues that, notwithstanding the scope of the '642 patent, its sales of Dek Blocks cannot form the

basis of any patent infringement claims because it enjoyed an implied license to sell Dek Blocks. Derner testified that, after the dissolution of his relationship with Budlong, Hoffman gave him permission to sell his remaining inventory of Dek Blocks. Costakos Decl. Ex. B at 196. Plaintiffs have failed to rebut this evidence. There is no genuine issue of material fact regarding whether Derner was authorized to sell Dek Blocks to Menards. He was.

Plaintiffs' failure to rebut Derner's testimony is fatal to their patent infringement claims based on Menards' sale of Dek Blocks. Because Derner was licensed to sell Dek Blocks to Menards, Menards enjoyed a implied license to resell Dek Blocks. *See Met-Coil Sys. Corp. v. Korners Unlimited Inc.*, 803 F.2d 684, 685-86 (Fed. Cir. 1986). Therefore, Menards' sales of Dek Blocks could not infringe.

CONCLUSION

For all the reasons stated above, the court concludes that there are no genuine issues of material fact and Menards is entitled to judgment as a matter of law on all of plaintiffs' claims. Accordingly, **IT IS HEREBY ORDERED** that:

1. U.S. Patent No. 5,163,967 is invalid and unenforceable;

2. The four-way blocks sold by defendant do not infringe U.S. Patent No. 4,724,642;

3. This action is dismissed with prejudice.

LET JUDGMENT BE ENTERED ACCORDINGLY.

Dated: April 7, 1997

/s/ David S. Doty
David S. Doty, Judge
United States District Court